

NAME DATE

INDEX NO. CANDIDATE'S SIGNATURE

**565/1
BUSINESS STUDIES
PAPER 1
JULY / AUGUST 2010
TIME: 2 HOURS**

MBOONI WEST DISTRICT JOINT EVALUATION TEST

Kenya Certificate of Secondary Education.

**565/1
BUSINESS STUDIES
PAPER 1
TIME: 2 HOURS**

INSTRUCTIONS TO CANDIDATES

Answer all the questions in spaces provided.

FOR EXAMINERS USE ONLY

QUESTIONS	1	2	3	4	5	6	7	8	9
MARKS									

10	11	12	13	14	15	16	17	18

19	20	21	22	23	24	25

TOTAL MARKS

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*This paper consists of 8 printed pages.
Candidates should check to ensure that all pages are printed as indicated and no questions are missing*

1. Outline **four** features of public limited company

- i.
- ii.
- iii.
- iv.

4 Marks

2. Highlight **four** characteristics of monopoly market structure

- i.
- ii.
- iii.
- iv.

4 Marks

3. Highlight **four** limitations of consumer initiated methods in consumer protection

- i.
- ii.
- iii.
- iv.

4 Marks

4. Outline **four** reasons why a trader would prefer transporting goods from Nairobi to Mombasa by rail rather than by road transport

- i.
- ii.
- iii.
- iv.

4 Marks

5. The following information relate to Kyangoma Trades for the year ended 31st Dec 2008.

Purchases	390, 000
Opening stock	30,000
Closing stock	43, 000
Carriage on sale	15, 000
Sales	450, 000

Other expenses were 10% on gross profit. Required prepare a Trading profit and loss account for the year ended 31st Dec 2008

5 Marks

6. For each of the following transactions in the table, indicate in the space provided the source document that relate to the translation.

Transaction	Source document
i. Sales of goods on credit	_____
ii. Correction of an under charge	_____
iii. Goods returned	_____
iv. Purchase on credit	_____

4 Marks

7. State **four** circumstances under which verbal communication will be preferred to written communication

- i.
- ii.
- iii.
- iv.

4 Marks

8. Outline **four** factors that may limit the development of Kenya

- i.
- ii.
- iii.
- iv.

4 Marks

9. Give **four** methods used in transferring money by commercial banks

- i.
- ii.
- iii.
- iv.

4 Marks

10. Complete the following table by indicating the account to be debited and the one to be credited

	Transaction	A/C debited	A/C credited
a.	Bought a delivery van from Masaku trader on credit		
b.	Withdrew cash from bank for office one		
c.	Received load from KCB		
d.	Mwangi the proprietor converted a private car into business asset		

4 Marks

11. State **four** conditions that make labour more efficient

- i.
- ii.
- iii.
- iv.

4 Marks

12. The balance given below were extracted from the books of Grace traders as at 30th June 2006

Furniture	20, 000
Debtors	30, 000
Creditors	42, 000
Cash in hand	25, 000
Delivery van	280, 000
Capital	348, 000
Stock	50, 000
Cash at bank	60, 000
Net loss	45, 000
Bank loan	120, 000

Required: Prepare a balance sheet as at 30th June 2006

13. Give **four** difficulties faced by human beings in satisfying of human wants

5 Marks

- i.
- ii.
- iii.
- iv.

4 Marks

14. Prepare three column cash book and balance it of from the following information

May 1st Bal b/d Bank sh. 3000 (Cr)

Cash sh. 2000

2nd Received Ksh. 49, 000 from Kazi Njema trades after deducting 2 % cash discount

5th Deposited 20, 000 from cash box to the bank account

12th Paid rent Ksh. 2000 by cheque

20th Paid Malimali Ksh. 10, 000 less 5%

Cash discount

6 Marks

15. Name **four** disadvantages of using computers in a business.

- i.
- ii.
- iii.
- iv.

4 Marks

16. Outline **four** factors which a trader should consider when making a choice of a medium for product promotion

- i.
- ii.
- iii.
- iv.

4 Marks

17. “Hello Money bank in your mobile phone” Barclays Bank continues advertising inspite of its popularity in the country.

State **four** reasons for continued advertising by the Barclays bank

- i.
- ii.
- iii.
- iv.

4 Marks

18. Highlight **three** benefits of mobile phone banking

- i.
- ii.
- iii.
- iv.

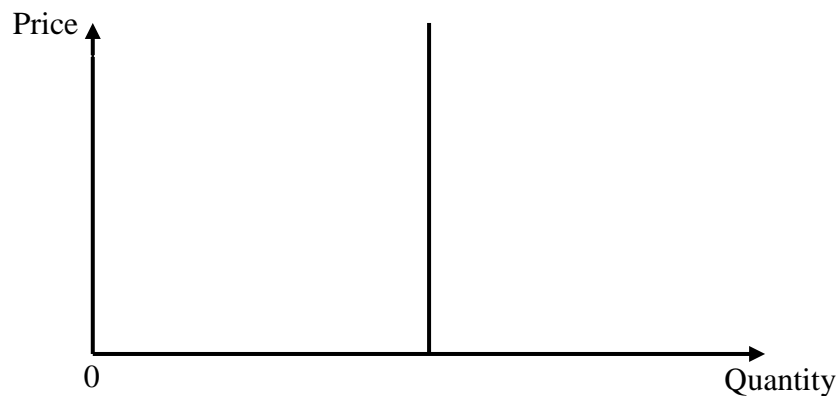
3 Marks

19. State **four** external diseconomies of scale that a firm may experience

- i.
- ii.
- iii.
- iv.

4 Marks

20. The following diagram represents a type of elasticity of demand for a product



With reference to the diagram above

- a. Name the type of elasticity represented
- b. Name **two** classes of products whose demand is associated with this type of elasticity
 - i.
 - ii.

1 Mark

2 Marks

21. Give **four** social responsibility of a business to the community

- i.
- ii.

iii.

iv.

4 Marks

22. Give **three** factors that may account for the limited use of cheques in Kenya's rural society

i.

ii.

iii.

3 Marks

23. a. State the shortest channels of distribution of imported goods

1 Mark

b. Give **three** circumstances under which this channel may be preferred

i.

ii.

iii.

3 Marks

24. State **four** conditions which may improve the effectiveness of a ware house

i.

ii.

iii.

iv.

4 Marks

25. Outline **three** forms of economic integration

i.

ii.

iii.

3 Marks