

NAME: INDEX NO:

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565/1
BUSINESS STUDIES
PAPER 1
JULY / AUGUST 2011
TIME: 2 HOURS

NANDI EAST, NANDI SOUTH AND TINDERET DISTRICTS
JOINT EVALUATION TEST 2011
KENYA CERTIFICATE OF SECONDARY EDUCATION (KCSE)

INSTRUCTIONS TO CANDIDATES:

- (a) *This paper consists of 25 Questions.*
- (b) *Answer ALL questions in the spaces provided..*
- (c) *The first answers are marked following the Rubric Rule.*

ANSWER ALL QUESTIONS

1. Give **four** reasons as to why a consumer should satisfy Basic wants before Secondary wants. (4mks)

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2. State **four** features of Land as a factor of production. (4mks)

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3. Outline any **four** roles of stock exchange as a market for securities in Kenya. (4mks)

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4. Highlight **four** advantages of Hire Purchase to a buyer. (4mks)

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5. State **four** current developments in communication. (4mks)

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6. Indicate the effect of each of the following transaction on Assets, liabilities and capital by using (+) for an increase (-) for a decrease and (NC) for no change. (4mks)

TRANSACTION	ASSETS	LIABILITIES	CAPITAL
Cashed a cheque for personal use			
Bought premises on credit			
Paid a creditor by cash			
Converted personal car into business use			

7. Highlight **four** circumstances under which goods can delay in a bonded warehouse. (4mks)

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8. Carol runs a motor vehicle accessories business. Identify the books of original entry through which she could pass each of the following transaction indicated in the table below. (3mks)

TRANSACTION	Books of Original Entry
(a) Tyres were purchased for Shs. 1,000,000/= on credit.	
(b) Bought office computer for Shs. 120,000/= on credit	
(c) A credit customer returned goods worth Shs. 70,000/=	

9. Outline **four** ways through which a firm may acquire monopoly power. (4mks)

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10. Highlight **four** factors which influence entrepreneurial practices in Kenya. (4mks)

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11. The following information was extracted from the books of Goodlink Traders for the year ended 31st December 2009.

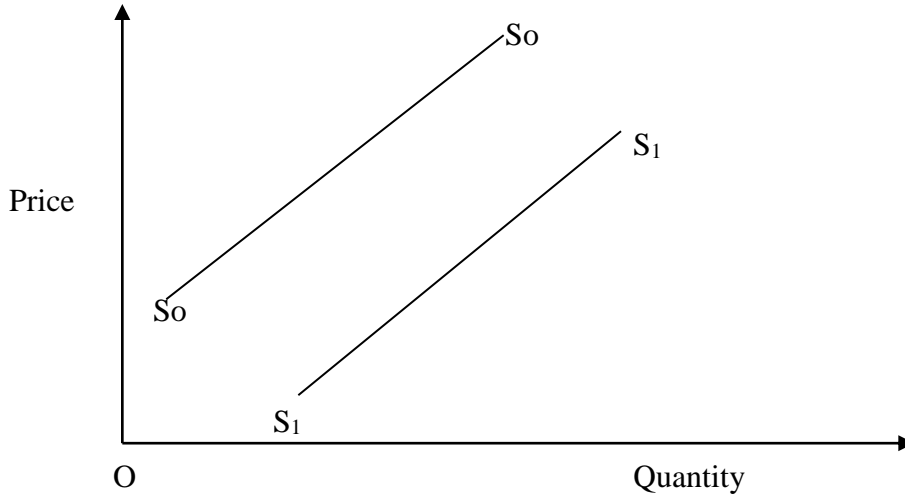
Capital 1:1: 2009	Shs. 300,000
Additional Investment	Shs. 70,000
Drawings	Shs. 90,000
Profits	Shs. 195,000

Calculate the capital of Goodlink Traders as at 31st December 2009. (4mks)

12. State **four** circumstances under which personal selling may be preferred as a method of production promotion. (4mks)

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13. The diagram below represents a shift in the supply curve of a commodity from S_0 to S_1 .



State **four** factors that might have led to this movement. (4mks)

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14. State **four** conditions that an insurance contract must meet in order to be legally binding. (4mks)

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15. The following information relates to Shiva Enterprises for the year ended 31st December 2010

Markup – 25%

Sales – Kshs. 250,000

Determine:

(i) Gross Profit (2mks)

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(ii) The margin percentage. (1mk)

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(iii) Cost of Goods Sold. (1mk)

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16. Highlight **four** reasons for the popularity of the mobile phone banking facility in the modern business world. (4mks)

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17. State **four** reasons as to why development planning is necessary for a country like Kenya. (4mks)

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18. Identify **four** personal attributes that affect performance of an office worker. (4mks)

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19. Enter the following transactions in the respective ledger accounts of Nderitu Enterprises.

March 2nd – Purchases Goods on credit from Wahera wholesalers for Shs. 5,000.

March 3rd – Withdrew Shs. 2,000 from bank for office use.

March 4th – Purchased stationery Shs. 100 in cash.

March 5th – Paid Wabera Shs. 3,000 in cash

March 6th – Bought goods worth Shs. 1,500 in cash. (5mks)

20. State **four** causes of cost push inflation. (4mks)

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21. State **four** errors that cannot be detected in Trial Balance. (4mks)

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22. Highlight any **four** measures the government can undertake to protect consumers from price overcharge. (4mks)

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23. Prepare a balance sheet from the following balances extracted from KIBE Stores on 31st December 2010. (4mks)

	Shs.
Premises	1,000,000/=
Creditors	700,000/=
Bank	200,000/=
Capital	800,000/=
Stock	300,000/=
Debtors	100,000/=

24. Highlight any **four** principles of co-operatives worldwide. (4mks)

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25. Highlight **four** effects of HIV/AIDS pandemic on business activities in Kenya. (4mks)

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