

NAME:.....INDEXDATE.....
 SCHOOL:.....SIGNATURE.....

565/1
 BUSINESS STUDIES
 PAPER 1
 JULY / AUGUST, 2010
 2 HOURS

JOINT INTER-SCHOOLS EVALUATION TEST (JISSET)
Kenya Certificate of Secondary Education 2010

565/1
 BUSINESS STUDIES
 PAPER 1
 JULY / AUGUST 2010

INSTRUCTIONS TO CANDIDATES

- ❖ Answer all questions in the spaces provided in the question paper
- ❖ All your working to be shown

Questions	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Marks															

Questions	16	17	18	19	20	21	22	23	24	25
Marks										

TOTAL
MARKS

1. Highlight **four** limitations of direct production (4mks)

.....

.....
.....
2. State **four** factors that limit the satisfaction of human wants. (4mks)

.....
.....
.....
.....

3. Highlight **four** features of a mobile phone that are important to a business man. (4mks)

.....
.....
.....

4. State **four** factors that can enable a business expand its activities. (4mks)

.....
.....
.....
.....
.....

5. The following information was available for the year 2005

2005	Accrued rent	Prepaid rent
Jan 1	Sh 20,000	Sh 40,000
Dec 31	Sh 36,000	Sh 8,900

Rent expense paid in the course of the year amounted to Sh 120,000. Prepare a rent expense A/C and show amount charged to profit and loss account. (3mks).

6. State **four** roles a government plays in promoting a healthy business environment (4mks)

.....

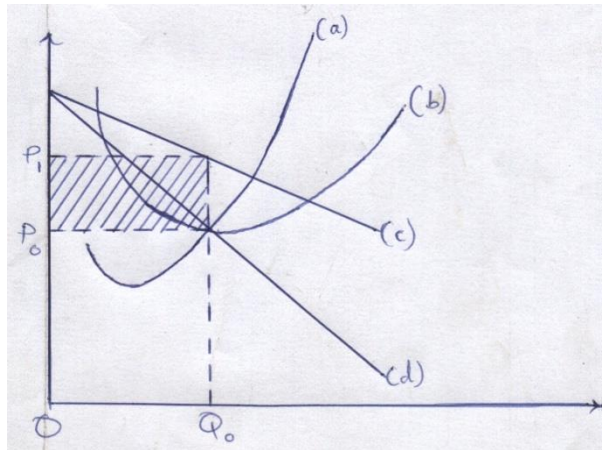
7. From the following transactions indicate the account to be debited or credited in the ledgers (3mks).

a) The owner commenced business with cash at hand 100,000 and at bank Ksh 250,000

Transaction	DR	CR
(a) The owner commenced business with cash at hand Ksh.100,000 and at bank Ksh.250,000		
(b) Purchased piece of land at Ksh.150,000 from Cherono paying cash Sh.50,000 and balance to be paid later		

b) Purchased a piece of land at ksh 150,000 from Cherono paying cash sh.50,000 in cash and the balance to be paid later.

8. The following diagram represents the equilibrium of a firm in the long run. Study and label the parts indicated. (4mks).



- (a)
- (b)
- (c)
- (d)

9. Africa is richly endowed with natural resources yet many Africans live in poverty. Highlight **four** possible reasons why (4mks).

.....

10. State **four** reasons why many African countries are privatizing their state corporations (4mks).

.....

11. State **four** differences between a private company and a public company (4mks)

Private company	Public company
a)	a)
b)	b)
c)	c)
d)	d)

12. The following information relates to the business of Malebo Traders in Ksh.

Stock 1.1.2009	45,000
Stock 31.12.2009	35,000
Purchases	150,000
Mark up	20%

Prepare the trading account for the period ended 31.12.2009 (5mks).

13. State **four** advantages of a rapidly expanding population structure (4mks).

.....
.....
.....
.....

14. Highlight **four** restrictions imposed by many countries in international trade (4mks).

.....
.....
.....
.....

15. State **four** reasons that account for the popularity of motor bikes as a mode of transport (4mks).

.....
.....
.....
.....

16. Highlight **four** solutions to a country that suffers from a persistent deficit in balance of payment position in international trade (4mks).

.....
.....
.....
.....
.....
.....

17. Highlight **four** reasons why an insurance company may refuse to honour a claim. (4mks).

.....
.....
.....
.....
.....
.....

18. State **four** characteristics of under development (4mks).

.....
.....
.....
.....

19. Kenyans all over appreciate the way constituency development funds is changing their lives. Highlight any **four** ways. (4mks)

.....
.....
.....
.....

20. State any **four** modern trends in banking (4mks).

.....
.....
.....
.....

21. Highlight **four** reasons why the state imposes tax. (4mks)

.....
.....
.....
.....

22. The following balance sheet was incorrectly prepared. Prepare a corrected balance sheet:

Kameme stores

Balance sheet in Ksh as at 31.12.2006.

Capital 200,000	Cash at bank 80,000
Bank loan 97,000	
Stock 58,000	Creditors 30,000
Cash in hand 32,000	
	Motor vehicles 90,000
Computers 37,000	Debtors 42,000
	Accrued expense 12,000
424,000	254,000

(5mks).

23. Highlight **four** ways in which the central bank controls credit in a country facing high inflationary rates. (4mks).

- (a)
- (b).....
- (c).....
- (d)

24. State the purpose of the following documents as used in home trade

Document	Purpose
Invoice	
Delivery note	
A receipt	
A credit note	

25. Highlight **four** assumptions associated with perfect competition (4mks)

.....

.....

.....

.....