

Name..... Index No.....
 School..... Candidate's sign.....
 Date.....

565/1
BUSINESS STUDIES
Paper 1
JULY/AUG. 2010
Time: 2 Hours

MANGA DISTRICT JOINT EVALUATION TEST – 2010
Kenya Certificate of Secondary Education (K.C.S.E)

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BUSINESS STUDIES
Paper 1
JULY/AUG. 2010.
Time: 2 Hours

INSTRUCTIONS TO CANDIDATES

1. Write your name and index number in the spaces provided above.
2. Answer ALL the questions.
3. All answers must be written in the spaces provided in the booklet.

For Examiner's Use Only

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

Questions	15	16	17	18	19	20	21	22	23	24	25
Marks											

**Total
 Marks**

This paper consists of 12 printed pages. Candidates should check the question paper to ensure that all the pages are printed as indicated and no questions are missing.

1. Outline **four** reasons why licensing of business is crucial to the government (4mks)

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2. State **four** problems that may be faced by a business enterprise which does not do effective filing (4mks)

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3. Highlight **four** reasons that make it important for basic wants to be satisfied first before secondary wants (4mks)

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4. Outline **four** reasons why cartels should be discouraged in a country (4mks)

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5. In the spaces provided below indicate with a tick (✓) whether the following transactions will increase, decrease or have no effect on capital (4mks)

Transaction	Increase	Decrease	No effect
a) Sold a business van for cash			
b) Converted a private computer to business use			
c) Took stock from business for personal use.			
d) The business made profit			

6. Outline **four** circumstances under which personal selling may be used. (4mks)

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7. State **four** roles played by business ethics in any business selling (4mks)

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8. The following balances were extracted from the books of K traders as at 31.12 .2009.

	shs
Motor van	100,000
Debtors	50,000
Sales	81,000
Capital	97,200
Creditors	41,700
Purchases	40,000
Stock on	33,400
Rent outstanding	3,500

Prepare a trial balance as at 31.12.2009.

(4mks)

9. Outline **four** causes of cost push inflation

(4mks)

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10. Give **four** differences between direct and indirect production

(4mks)

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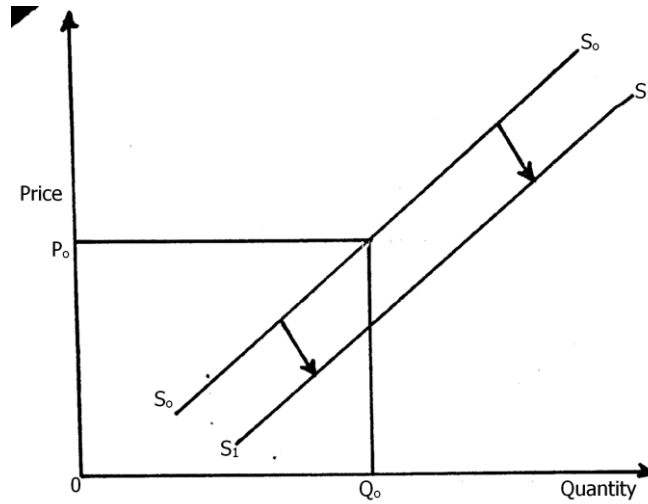
iii)

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11. The figure below shows a shift in supply of a commodity from S_0S_0 to S_1S_1



State **four** possible causes that may have led to this situation (4mks)

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12. Highlight **four** reasons why Motorcycles have become a popular means of transport in Kenya.

(4mks)

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13. On 1st December 2008 Manga traders had Ksh 2,000 cash in hand and Ksh 5000 cash at bank. The following transactions took place in the same week of that month.

2nd Dec Received Kshs 19000 cash from Mogaka after allowing him 5% cash discount.

5th Dec. Deposited Ksh. 15,000 into the bank from cash till

10th Dec. paid Nyaboke Kshs. 17,000 by cheques in full settlement of her account of Shs 17,850.

Required:

Record the above information in a three column cash book and balance it off. (5mks)

14. State **four** circumstances under which a businessman may prefer to build his own warehouse instead of using a public warehouse (4mks)

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15. Small scale firms continue to exist in the economy in spite of competition from large scale firms
State why this is so (4mks)

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16. Outline **three** benefits a person may get by taking up an endowment policy (3mks)

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17. Highlight **four** disadvantages of ageing population to a country (4mks)

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18. State **four** benefits that may accrue to a business that practice effective communication (4mks)

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19. Outline **four** benefits a customer may get when buying goods from a supermarket (4mks)

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20. The following information relates to Jua Kali traders as at 1st December 2008.

	kshs
Premises	190,000
Debtors	25,000
Cash at bank	15,000
Capital	230,000
Creditors	30,000
Stock	30,000

The following transactions took place in the month of December 2008.

Dec. 5th bought goods by cheques shs. 5,000

Dec 8th Recovered from debtors Shs. 10,000

Cash.

Dec 15th paid creditors 8,000 cash.

December 31st brought into the business 20,000 cash from personal savings.

Required:

Prepare the balance sheet as At 31/12/2008

(5mks)

21. The following information belongs to XYZ traders.

	kshs
Gross profit	80,000
Opening stock	40,000
Margin	16%
Return inward	30,000
Rate of stock turn over	6 times

Required:

Determine

i) Sales for the year

(2mks)

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ii) Closing stock (2mks)

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22. State **three** benefits of planning to a business organization (3mks)

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23. Highlight **four** reasons why many business persons prefer operating a current account (4mks)

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24. Outline **four** reasons why the government imposes taxes on its citizens (4mks)

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25. The following information relates to Amani traders for the month of January 2010.

- a) January 2nd: Bought furniture worth sh 200,000 from Manga traders paying sh 130,000 by cheques and the balance to be paid later.
- b) 5th Sold an old Posho mill worth Sh 100,000 to Mwangaza trader's receiving Sh.20000 in cash and the rest by cheque.
- c) 10th Jan Sold Motor Vehicle Costing Sh. 300,000 on credit to Omwabo retailers but when making entries in the ledger accounts sales Account was erroneously credited

Required:

Prepare journal proper for the above transactions

(4mks)