

Name.....

Index No. ....

School .....

Date.....

Sign.....

565/1  
BUSINESS STUDIES  
PAPER 1  
JULY / AUGUST 2010  
Time: 2 Hours

**BUTERE DISTRICT JOINT EVALUATION TEST - 2010**  
Kenya Certificate of Secondary Education (K.C.S.E)

BUSINESS STUDIES  
PAPER 1  
JULY / AUGUST 2010  
Time: 2 Hours

**INSTRUCTIONS TO CANDIDATES**

- Attempt ALL the questions in the spaces provided.

**FOR EXAMINERS USE ONLY: FILL THE GRIDS BELLOW**

QUESTION NO.	1	2	3	4	5	6	7	8	9	10	11	12	13
SCORE													
QUESTION NO.	14	15	16	17	18	19	20	21	22	23	24	25	
SCORE													

**TOTAL MARKS**

*This paper consists of 12 printed pages.  
Candidates should check the question paper to ensure that all pages are printed*

1. State four ways in which the government can influence an increase in the demand for a product (4mks)
  - a).....  
.....
  - b).....  
.....
  - c).....  
.....
  - d).....  
.....
  
2. List FOUR monetary tools the Central Bank uses to control credit. (4mks)
  - a).....  
.....
  - b).....  
.....
  - c).....  
.....
  - d).....  
.....
  
3. Outline FOUR roles of an entrepreneur in an organization. (4mks)
  - a).....  
.....
  - b).....  
.....
  - c).....  
.....
  - d).....  
.....
  
4. Complete the following sentences by filling in the blank spaces. (4mks)
  - (i) Exchange of goods without use of money \_\_\_\_\_
  - (ii) A state owned company is called a \_\_\_\_\_
  - (iii) The person who issues a cheque is called the \_\_\_\_\_ of the cheque
  - (iv) A wholesaler who does not sell on credit and does not provide transport to the buyer is a \_\_\_\_\_ wholesales.

5. Under what circumstances will the manager of an organization communicate to the subordinate staff. ( 4 mks)

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

6. State FOUR factors that could hasten the economic development of a country. (4mks)

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

7. The following information was available in the books of accounts of Eshitoyi Enterprises as 30<sup>th</sup> June 2008.

Sales 540, 000

Purchases 330.000

Stock 1<sup>st</sup> July 2007 60,000

Sales were marked up 50 % on the cost price

You are required to prepare Eshitoyi Enterprises trading Account for the year ended 30<sup>th</sup> June 2008 showing clearly.

- (i) Gross profit (2mks)
- (ii) Closing stock (2mks)

8. For each of the following transaction, state the account to be debited and the account to be credited

Date	Transaction	Account to be debited	Account to be credited
i)	Bought goods for sale and paid by cheque		
ii)	Donated personal savings to the business		
iii)	Cash sales banked		
iv)	Rent accrued		

9. Under what circumstances would insurance companies in Kenya opt to reinsure themselves (4mks)

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

10. Highlight FOUR ways in which the government can use to control inflation. (4mks)

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

11. The book keeper of Alpha Traders extracted the following information from the accounting records

	1.7.2006	30.6.2007
Debtors	525,000	600,000
Discount Allowed		15,000
Sales Returns		30,000
Dishonoured cheques		10,000

During the year ended 30.6.2007, Alpha traders received 800,000 from debtors while cash sales were 150,000

Determine the sales for the year . (5mks)

12. Give FOUR assumptions associated with monopolistic competition market structure. (4mks)

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

13. State FOUR reasons for starting a business. (4mks)

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

14. Outline the various activities that facilitate the following forms of utility. (4mks)

(i) Place utility

.....  
.....

(ii) Possession utility

.....  
.....

(iii) Time utility

.....  
.....

(iv) Form Utility

.....  
.....

15. What FOUR factors determine the size of a firm. (4mks)

a).....  
.....

b).....  
.....

c).....  
.....

d).....  
.....

16. Onsogo Traders sell goods on the following terms of sale : 10 % cash discount , 12 % trade discount if goods are paid for in 5 days , 8 % if paid for in 10 days and 5 % if paid for in 15 days Makau bought goods worth Ksh. 200,000 on 2<sup>nd</sup> of March 2008 and paid for them on 10<sup>th</sup> March 2008. Calculate how much Makau paid for the goods. (3mks)

17. Kenya is fast embracing East Africa Community what benefits is Kenya likely to experience from this arrangement. (4mks)

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

18. How can effective management of a business lead to its success. (4mks)

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

19. Complete the following table. (4mks)

<b>Fixed Assets</b>	<b>Currents Assets</b>	<b>Long term Liabilities Sh.</b>	<b>Current Liabilities Sh.</b>	<b>Owner Equity SH</b>	<b>Working capital</b>
100,000	20,000	60,000	10,000		
	50,000	40,000		150,000	15,000
200,000		150,000	80,000		20,000
350,000	50,000		20,000		

20. Despite air transport being expensive, it is the preferred mode of transport over long distance. Outline FOUR reasons for this preference. (4mks)

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

21. The government raises most of its revenue through taxes. Highlight FOUR reasons for taxation.

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

22. Name the source document and source books to which each of the following descriptions relate.

( 4mks)

a)	DESCRIPTION	SOURCE DOCUMENT	SOURCE BOOK
	Issued by a seller to a buyer for cash paid		
b)	Issued by the seller to a credit buyer to demand payment		
c)	Used to correct in overcharge for goods returned		
d)	Show summary of transactions between a buyer and a sellers		

23. State FOUR ways in which office documents can be reproduced. (4mks)

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



24. Why would a business choose to use bill boards to promote its products. (4mks)

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

25. Factors leading to a decline in birth rates

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





