

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

565/1
BUSINESS STUDIES
 Paper 1
 July/ August 2010
 Time: 2 Hours

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

565/1
BUSINESS STUDIES
 Paper 1
Time: 2 Hours

INSTRUCTIONS TO CANDIDATES

- Answer *all* the questions in the spaces provided.

For Examiner's Use Only

Question No	1	2	3	4	5	6	7	8	9	10	11	12	13
Marks													

Question No	14	15	16	17	18	19	20	21	22	23	24	25
Marks												

TOTAL SCORE

This paper consists of 10 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing

1. State four ways in which a business may negatively affect the physical environment (4mks)

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

2. State four reasons why individuals make choices every time they want to satisfy their wants (4mks)

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

3. Outline any four benefits of “pooling of risks” to insurance company. (4mks)

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

4. State four ways in which consumers can benefit from product promotion (4mks)

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

5. State four benefits of entrepreneurship to an individual (4mks)

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

6. Outline any four factors that may affect the circular flow of income (4mks)

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

7. State four causes of cost-push inflation (4mks)

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

8. State four factors that may affect a country's fertility rate (4mks)

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

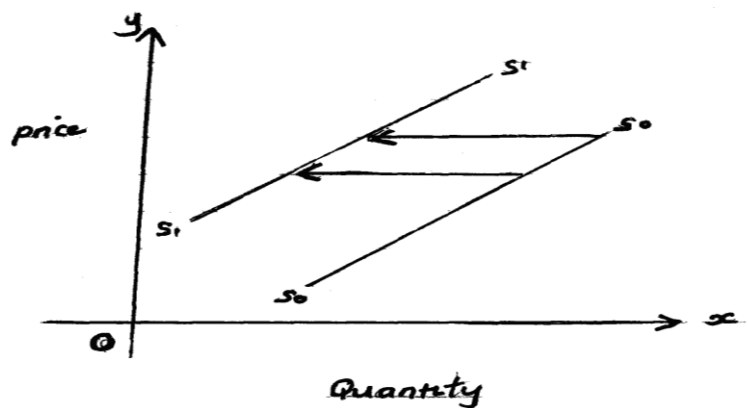
9. State four factors which make foreign investors get attracted to Kenya as an investment destination (4mks)

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

10. Outline four merits of direct taxes (4mks)

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

11. The diagram below shows a supply curve S_0 and S_1 (4mks)



Highlight four factors that account for the above phenomenon (4mks)

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

12. Fill in the missing figures in the following table

(4mks)

Assets	Liabilities	Capital
a) 132,000	120,000	a _____
b) 230,000	b _____	100,000
c) c _____	160,000	120,000
d) 40,000	d _____	20,000

13. For each of the following statements, indicate in the spaces provided the relevant documents described

(4mks)

Description	Document
a) A booklet that describes goods stocked by the seller	
b) Sent to the buyer to inform him/her that the order has been received and is being acted upon.	
c) Contains all transactions between the buyer and seller covering a specific period	
d) It is issued by the seller to the buyer when payment has been made	

14. State four reasons why the government issues licenses to the business people.

(4mks)

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

15. On 31st Dec. 2008 details extracted from Chumo's records showed commission received for the year as 60,000, commission received in advance by 1st January 2008 was 12,000, whereas commission received in advance as at 31st Dec. 2008 was 24,000. Determine the commission for the year 2008. (4mks)

16. State four reasons that have contributed to the popularity of motorcycles as a mode of transport in Kenya (4mks)

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

17. Highlight four roles played by intermediaries in the chain of distribution (4mks)

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

18. Record the following transactions in the relevant ledger accounts (4mks)

- a) Invested Sh.100,000 in a retail business
- b) Obtained a co-operative loan of Sh.20,000 cash.
- c) Purchased furniture costing ksh70,000 paying Sh.40,000 by cheque and the balance in cash.

19. Outline four ways through which firms under oligopoly determine their price and output levels. (4mks)

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

20. State four circumstances under which a firm may be located near a raw material source (4mks)

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

21. Account for the continued existence of barter trade in Kenya. (4mks)

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

22. The following balances were extracted from the books of Arusei Traders as at 1st Jan 2007.

Cash	23,000
Bank	441,000
Fixtures	800,000
Stock	3,348,000
Debtors	2,378,000
Creditors	1,810,400
Van	600,000

Required:

Prepare Arusei's balance sheet showing the capital

(4mks)

23. Differentiate between a partnership and a co-operative society.

Partnership	Co-operative Society
(i)	(i)
(ii)	(ii)
(iii)	(iii)
(iv)	(iv)

24. Highlight four activities in staffing as a function of management (4mks)

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

25. State four shortcomings of ink-duplication as a method of reproducing documents (4mks)

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