

565/1

BUSINESS STUDIES

PAPER 1

JULY/AUGUST,2009

TIME:2HRS

NANDI EAST DISTRICT JOINT EVALUTION TEST 2009

Kenya Certificate of Secondary Education.

Answer all the questions in the spaces provided:

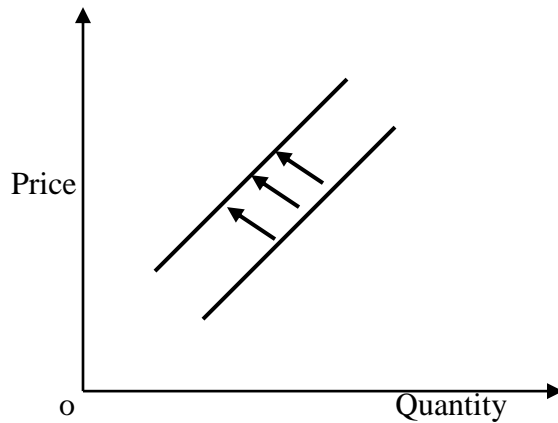
1. State four ways of creating utilities in the production of goods and services.(4mks)
2. Highlight four disadvantages of containerization.(4mks)
3. Outline four merits of a high population in a country.(4mks)
4. Complete the table below by identifying whether the factor given is internal or external that influences the performance of a business.

FACTOR

BUSINESS ENVIRONMENT.

- | | |
|---|-------|
| (a) Objectives of the business | _____ |
| (b) Competitors | _____ |
| (c) Labour | _____ |
| (d) Personal skills, knowledge and values | _____ |

5. The diagram below depicts a maize situation in the country over the years. Study it and use it to answer the questions that follow.



- (a) State the nature of supply (1mk)
- (b) State any three factors causing this change (3mks)

6. Outline four ways in which commercial banks are restructuring to enhance business activities in the country.(4mks)

7. State any four distinguishing features between a public company and a public corporation.(4mks)

	<u>PUBLIC COMPANY</u>	<u>PUBLIC CORPORATION</u>
(i)		
(ii)		
(iii)		
(iv)		

8. The table below relates to Maberu Ltd. Study it and use it to answer the questions that follow:

Item	Sh.
Closing stock	20,000
Gross profit	35,000
Motor vehicles	200,000
Sales	250,000
Carriage inwards	35,000
Cost of sales	185,000
Return inwards	30,000
Opening stock	40,000

Compute the following

- (i) Margin (2mks)
 - (ii) Mark – up (1mk)
 - (iii) Rate of stock turnover (2mks)
9. Determine the values marked a,b,and c in the table below.

	Factory 1	Factory 2	Factory 3
Product	x	J	z
Price(sh)	500	B	14,500
Value added	A	3,500	c

- (i) a =
 - (ii) b =
 - (iii) c = (3mks)
10. State four services rendered by wholesalers to consumers.(4mks)
 11. Give any four reasons for privatization of government owned firms.(4mks)
 12. Give four measures that can be taken to solve the escalating rise in food prices in Kenya. (4mks)

13. The following balances appeared in the business of Maina and St January 2006. Cash 65000 bank sh.123,000. Transactions for the first week of January were.

Jan	2 nd	Cash taken to the bank sh.40,000
“	3 rd	Received a cheque from a debtor sh. 15,000
“	6 th	Paid wages by cash sh.5,000
“	8 th	Withdraw sh. 100,000 from the bank for office use.

Prepare a two column cash book duly balanced on 9th January 2006(4mks)

14. In the spaces provided state the insurance _____
- (a) The insured must stand to lose financially in the happening of the risk_____
- (b) There must be a very close relationship between the causes of loans offered and the risk insured for the insured to be compensated_____
- (c) Guarantees the reinstatement of the insured to hi/her original financial position_____
- (d) After the insured in fully compensated for total loss, the insured item becomes the property of the insurer.
15. State four features necessary for monopolistic competition.(4mks)
16. Outline four merits of using computer in keeping records (4mks)
17. State four factors to be considered when evaluating a business opportunity. (4mks)
18. The information given below was extracted from the books of Molo Trader for the year ended June 2005.

	Sh.
Creditors(1 st July 2004)	40,000
Creditors(30 th June 2005)	30,000
Cash paid to creditors	60,000
Purchase returns	10,000
Discount received	5,000

Required Prepare total Creditors Account. (4mks)

19. Classify the following items into either basic or secondary want

- (a) Drinking water _____
- (b) Shoes _____
- (c) Education _____
- (d) Entertainment _____

20. Classify each of the following taxes as either direct or indirect tax.

<u>Tax</u>	<u>Type</u>	
(a) Capital gains	_____	
(b) Value Added Tax (VAT)	_____	
(c) Corporation tax	_____	(3mks)

21 The following balance sheet is provided by Migingo Traders.

Migingo Traders

Balance sheet

As at 31st Dec,2008

	Sh.	Sh.		Sh.	Sh.
Fixed Assets					
Land	20,000		Capital		80,000
Building	60,000		Long Term Liabilities		
Motor vehicles	35,000	115,000	3 year loan		20,000
Current Assets		26,000	Creditors	25,000	
Debtors			Bank overdraft	16,000	
					41,000
		<u>141,000</u>			<u>141,000</u>
		<u><u>141,000</u></u>			<u><u>141,000</u></u>

The following transactions took place afterwards:

- Sold part of the building for sh. 20,000 and used the cash to repay the loan.
- Injected sh. 17,000 more into business through the bank.
- Sold motor vehicle for sh. 50,000 cash.

Required: Make the adjustments and draw a new balance sheet as at 31st June 2009.(4mks)

22. Give four reasons that account for increase in the use of oral communication over written communication. (4mks)
23. The price of commodity X rose from sh. 50 to sh.60 per unit. The quantity of commodity Y bought per month declined from 80 to 60 units.
 - (a) Calculate the cross elasticity of demand for commodity Y.
 - (b) State the nature of the commodity in (a) above and give examples of the commodities.
24. Kenya's economic growth figures for 2008/2009 is 1.7% compared to 7% in the 2007/2008 financial year. Give four reasons to account for the decline.(4mks)
25. State four benefits of a bonded warehouse to XYZ importers.(4mks)