

NAME:.....INDEX .....DATE.....

SCHOOL:.....SIGNATURE.....

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

## KISUMU NORTH AND EAST DISTRICTS JOINT TEST 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 workings to be shown

### For examiner's use only

|           |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |
|-----------|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|
| 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. State four reasons why countries are languishing in poverty despite being endowed with a lot of economic resources (4mks)

- i).....  
.....
- ii).....  
.....

- iii).....
- .....
- iv).....
- .....

2. Highlight four ways how the post election violence impacted negatively on many business enterprises (4mks)

- i).....
- .....
- ii).....
- .....
- iii).....
- .....
- iv).....
- .....

3. A consumer demands for a commodity is 50 units when his income is sh.500. After promotion his income increased to 800 and the demand for commodity changed to 60 units. Calculate his income elasticity of demand

4. Give four components used in measuring national income using expenditure approach (4mks)

- i).....
- .....
- ii).....
- .....

- iii).....
- .....
- iv).....
- .....

5. State four circumstances under which profoma invoice can be used (4mks)

- i).....
- .....
- ii).....
- .....
- iii).....
- .....
- iv).....
- .....

6. BoraBora traders had the following record for the year ending 30<sup>th</sup> June 2006.

|  | Ksh     |
|--|---------|
| Capital as at 30 <sup>th</sup> June 2006 | 640 000 |
| Net profit for the year                  | 140 000 |
| Capital as at 1 <sup>st</sup> July 2005  | 420 000 |
| Drawing for the year                     | 180 000 |

Required the additional capital during the year

7. On 1<sup>st</sup> January 2008 traders has Ksh.65, 000 cash in hand and bank credit balance of Ksh.67, 000. During the month the following transactions took place

- January 2<sup>nd</sup>: Cash sales 107, 500
- January 5<sup>th</sup>: A debtor settled his sh.400, 000 by cheque less 5% cash discount.
- January 15<sup>th</sup>: Paid salaries sh.20, 000in cash

January 20<sup>th</sup>: settled a creditor of sh.40, 000by cheque less 2% cash discount

January 22<sup>nd</sup>: Debtor paid cheque his account of Ksh.45, 000 les 6% cash discount

January 24<sup>th</sup>: Deposited sh.50, 000 into bank from office cash

January 31<sup>st</sup>: banked all cash except sh.25, 000

Required

Complete the three column cash book below

(5mks)

| Date | Particulars | DIS allowed | Cash | Bank | Date | Particular | DIS rec | Cash | Bal |
|------|-------------|-------------|------|------|------|------------|---------|------|-----|
|      |             |             |      |      |      |            |         |      |     |

8. The following information was extracted from the books of Nyangweta traders for the year ended 31<sup>st</sup> December 1995

|  |          |
|--|----------|
|  | sh.      |
| a. Rent owing 1 <sup>st</sup> January 1995   | 12, 500  |
| b. Rent paid for the year was                | 136, 000 |
| c. Rent owing 31 <sup>st</sup> December 1995 | 24, 000  |

Prepare the rent account for the year

(4mks)

9. State four steps that can be undertaken to solve the problem of increasing level of unemployment (4mks)

- i).....  
.....
- ii).....  
.....
- iii).....  
.....
- iv).....  
.....

10. The following information relates to Kawamu traders for the year ended 30<sup>th</sup> June 2008

|               | Ksh.     |
|---------------|----------|
| Sales         | 150, 000 |
| Opening stock | 25, 000  |
| Purchases     | 130, 000 |
| Profit margin | 20%      |

Prepare a trading account for the year ended 30<sup>th</sup> June 2008

(4mks)

11. The per capita income in country X was £1350 in January 1999. At the end of that year the per capita income had increased to £1420. State four reasons why the standard of living for the people in the country may not have risen during the year

(4mks)

- i).....
- .....
- ii).....
- .....

.....  
iii).....  
.....  
iv).....  
.....

12. State four activities which indicate that the government is a key player in encouraging both local and foreign investments (4mks)

i).....  
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ii).....  
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iii).....  
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iv).....  
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13. Highlight four reasons for the increasing popularity of macro finance institutions (4mks)

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.....

14. Highlight four reasons why the motorbikes are quickly replacing bicycles as the choice for clients (4mks)

i).....  
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ii).....  
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iii).....  
.....  
iv).....  
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15. State four functions of customer care desk in much organization. (4mks)

i).....  
.....  
ii).....

.....  
 iii).....  
 .....  
 vi).....  
 .....

16. Highlight four measures that a firm can take to improve the efficiency of its workers (4mks)

i).....  
 .....  
 ii).....  
 .....  
 iii).....  
 .....  
 iv).....  
 .....

17. Highlight four factors that gives rise to monopoly in a market situation (4mks)

i).....  
 .....  
 ii).....  
 .....  
 iii).....  
 .....  
 iv).....  
 .....

18. Classify each of the following as either personal, normal or rent accounts and indicate with (✓) whether the balance should be debited or credited (4mks)

| Items        | Types of account | Dr | Cr |
|--------------|------------------|----|----|
| a) Capital   |                  |    |    |
| b) Creditors |                  |    |    |



|                  |  |  |  |
|------------------|--|--|--|
| c) prepaid wages |  |  |  |
| d) cash in hand  |  |  |  |

19. Indicate the sources document (for each of the book of original entry below (4mks)

| Books of original entry      | Source document |
|------------------------------|-----------------|
| a) Sales returns day book    |                 |
| b) Cash book                 |                 |
| c) Purchase day book         |                 |
| d) Purchase returns day book |                 |

20. State four trade promotion tools used by producers (4mks)

- i).....  
.....
- ii).....  
.....
- iii).....  
.....
- vi).....  
.....

21. Highlight four internal weaknesses that may affect business performance

(4 mks)

- i).....  
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- ii).....  
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- iii).....  
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- vi).....  
.....

22. Outline four merits of a long chain of distribution

(4 mks)

- i).....  
.....
- ii).....  
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- iii).....  
 .....  
 iv).....  
 .....

23. The following balance relates to Dasani enterprise. Prepare their total debtor accounts and determine their total sales.

|                               | Ksh.     |
|-------------------------------|----------|
| Debtors balance on 1/1/2008   | 54, 000  |
| Debtors balance 31/1/2008     | 56, 000  |
| Cheques received from debtors | 834, 000 |
| Discount allowed              | 22, 000  |
| Purchases returns             | 33, 000  |
| Dishonoured cheques           | 72, 000  |
| Cash sales                    | 420, 000 |
| Sales returns                 | 12, 000  |

Required

Prepare the debtor accounts and determine their total sales

24. State four ways in which ware housing facilitate trade (4 mks)

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

25. Match each of the following classes of business activities with the correct statement in the table below (4 mks)

| Statement  | Activities |
|--|------------|
| i) Combining different raw materials and converting them into finished goods |            |

|      |  |  |
|------|--|--|
| ii)  | Collecting goods from various produces and sharing them for onward sales |  |
| iii) | Growing wheat, coffee, tea   |  |
| iv)  | Flour milling  |  |