

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

**565/1**  
**BUSINESS STUDIES**  
**Paper 1**  
**JULY/AUGUST 2010**  
**TIME: 2 Hours**

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

**565/1**  
**BUSINESS STUDIES**  
**Paper 1**  
**JULY/AUGUST 2010**  
**TIME: 2 Hours**

**INSTRUCTIONS TO CANDIDATES**

1. Answer all questions
2. Write your answers in the spaces provided.

**EXAMINER'S USE ONLY**

NUMBER	1	2	3	4	5	6	7	8	9	10	11	12	13	14
SCORE														

15	16	17	18	19	20	21	22	23	24	25

<b>GRAND SCORE</b>	
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*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.*

**Answer ALL questions in the spaces provided.**

1. Identify four difficulties that may make an individual not to satisfy most of his needs. (4mks)

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

2. In the table below, classify the accounts given as personal normal, real, private. (4mks)

<b>Account</b>	<b>Account type</b>
a) Furniture	
b) Owino (a debtor)	
c) Salaries	
d) Rent Income	

3. Highlight four advantages of using Posta Pay as a means of remitting money through the post office. (4mks)

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

4. Give four factors that may account for the wage differences among workers with similar qualifications in factory. (4mks)

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

5. Outline four measures that can be taken to improve the efficiency of parastatals in Kenya. (4mks)

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

6. State four factors that would influence the amount of money held by an individual for transaction purposes. (4mks)

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

7. State four measures that the government may employ to regulate and control business activities.

(4mks)

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

8. Identify four reasons why a producer would not need a lot of ware housing space facilities. (4mks)

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

9. Outline four differences between statement of affairs and balance sheet.

(4mks)

<b>STATEMENT OF AFFAIRS</b>	<b>BALANCE SHEET</b>
a) _____ _____	a) _____ _____
b) _____ _____	b) _____ _____
c) _____ _____	c) _____ _____
d) _____ _____	d) _____ _____

10. Outline four circumstances under which downwards communication may be beneficial in an organization. (4mks)

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

11. Classify the partners in the partnership business using the following headings (4mks)

Headings	Partners
Role	a)
	b)
Liability	a)
	b)

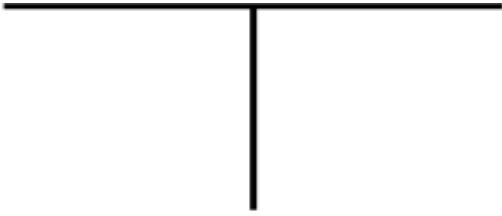
12. State four things that a retail trader would consider before giving credit to his customers. (4mks)

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

13. Post the following transactions to the relevant ledger accounts.

- a) Started business by depositing in the bank a cheque of shs. 100,000.
- b) Withdrew Kshs. 20,000 cash from the bank for business use.
- c) Bingwa a debtor paid shs. 40,000 cash.
- d) Took shs.10, 000. from cash till for personal use.

(4mks)



14. Identify four ways through which manufacturers protect the consumers against exploitation.

(4mks)

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

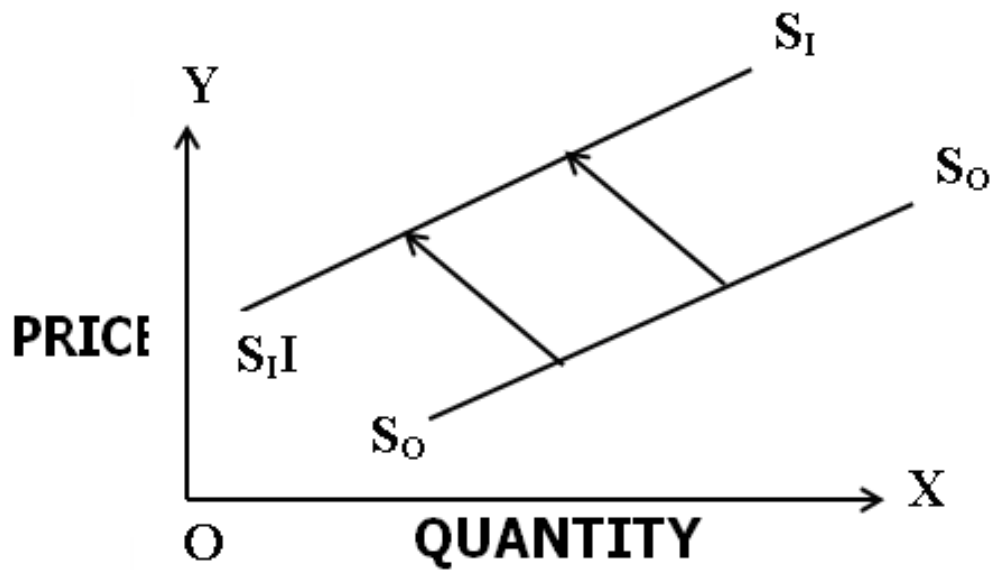
15. State four ways in which a business may negatively affect the physical environment. (4mks)

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

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

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

17. The diagram below shows a supply curve  $s_0s_0$  and  $s_1s_1$



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

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

18. On 31<sup>st</sup> Dec. 2008 details extracted from chumo's records showed commission received for the year as Kshs. 60,000, commission was 12,000 whereas commission received in advance as at 31<sup>st</sup> dec. 2008 was Kshs. 24,000. Determine the commission for the year 2008. (4mks)

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

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

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

20. Highlight four roles played by inter mediaries in the chain of distribution. (4mks)

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



21. State four circumstances under which a firm may be located near a raw material source (4mks)
- a) .....
  - .....
  - b) .....
  - .....
  - c) .....
  - .....
  - d) .....
  - .....

22. State four factors that may account for predominant direct production in a country. (4mks)
- a) .....
  - .....
  - b) .....
  - .....
  - c) .....
  - .....
  - d) .....
  - .....

23. The following balances of assets and liabilities were provided by Tana Trades as on 31<sup>st</sup> Dec, 2008.

Bank overdraft	80,000
Land	200,000
Accrued electricity	50,000
Stock	10,000
Debtors	20,000

The business had drawing amounting to shs. 20,000 during the year, Prepare a balance sheet to determine the net worth of the business at the start of the trading year. (4mks)

24. A business enterprises had cash balance of kshs. 50,000 and an overdraft of shs. 15,000 on 1<sup>st</sup> February 2008, Transactions conducted were as follows:-
- Feb. 2: A debtor paid shs. 40,000 b/f cheque.
- Feb 10: The creditors were paid shs. 5,000 by cheque.
- Feb 13: Sold goods shs. 30,000 in cash.
- Prepare a two – column cash book to record the above transactions. Balance the cash book. (4mks)

25. Outline four positive implications of high population growth rate in a country. (4mks)

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

