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 BUSINESS STUDIES
 PAPER 1
 MARCH /APRIL 2010
 THE ELDORET EAST INTER SCHOOLS EXAMINATION 2010
 FORM 4

1. Explain the following a used in the satisfaction of human wants. (4 marks)

- a) Utility
- b) Producer goods
- c) Scarcity and choice

d) Scale of preferences

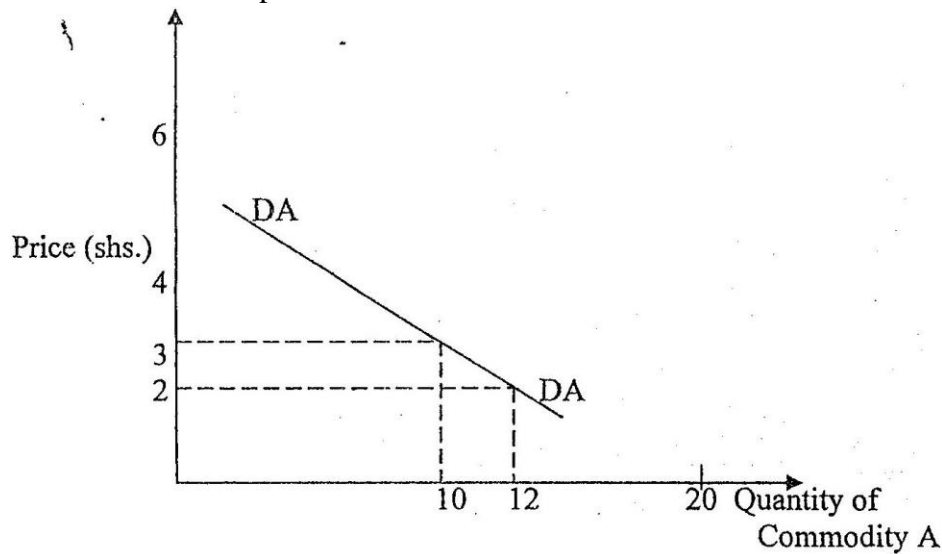
2. Outline four factors that may account for predominant direct product ion in a country (4marks)

Shares	Debentures
a)	
b)	
c)	
d)	

3. Differentiate between shares and Debentures (4 marks)

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

4. The following diagram shows a demand curve A. Calculate the price Elasticity of demand for product A



5. The following information was obtained from the books of JASHO TRADERS at the end of a trading period

	Ksh
Opening stock	65,000
Sales	300,000
Purchases	180,000
Sales Returns	5,000
Closing stock	42,000

Calculate the gross loss of the business.

6. List four functions of the Kenya Bureau of Standards (KEBS) (4 marks)

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

7. State four (4) factors that limit the number of entrepreneurs in an area. (4 marks)

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

8. The following information was found in the books of Joy Traders

Output	Total cost	Average cost	Marginal cost
0	55		
1	70		
2	82		
3	87		
4	92		

Complete the columns for average cost and marginal cost.

9. Outline four (4) reasons why inland water transport is not popular as means of transportation in Kenya

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

10. Organizing is a major function in business management. Highlight four benefits of organizing that an entrepreneur will enjoy (4 marks)

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

11. Highlight four circumstances under which firm may acquire oligopoly power (4 marks)

- a)
- b)

- c)
d)
12. Outline four important uses of measuring national income in a country (4 marks)
13. Ananda sita intends to set up a modern University in Eldoret. Outline four factors that will influence her choice of office layout (4 marks)
14. Give four ways in which consumers may benefit when producers compete in product promotion. (4 marks)

- a)
b)
c)
d)

15. The following details were extracted from the books of Omino enterprises for the year ended 31st Dec. 2009.

	Ksh
Opening capital	105,000
Capital introduced	15,000
Drawings	6,000
Closing capital	135,000

Determine the profit or loss for the year

16. In the table, fill in by stating whether each of the following transaction will increase, decrease or have no effect on the capital of the business.

Transaction	Effects on capital
a) The business made profit	
b) Bought stock of good	
c) Withdrawal of stock for own use.	
d) Paid creditors by giving up an old machine	

17. State four main cooperative principles. (4 marks)

- a)
b)
c)
d)

18. List four documents used in home trade at the order stage. (4 marks)

- a)
b)
c)
d)

19. Mamati has just taken a whole life policy and is complaining that his premiums are very high. Outline four reason why the premium may be high. (4 marks)

20. Highlight four (4) disadvantages of an ageing population. (4 marks)
- -
 -
 -
21. Highlight four benefits that may accrue to an organization that practices effective communication. (4 marks)
- -
 -
 -
22. State four advantages of bonded warehouse to the government. (4 marks)
- -
 -
 -
23. Identify the factors can cause an increase in the demand of a product. (4 marks)
- -
 -
 -
24. The following are some of the source documents used in business.
- Credit note received Invoice
 - Credit note issued
 - Cash sale slip

Match each of the following books of original entry with relevant source document (4 marks)

Books of original entry	Source of document
a) Cash book	
b) Sales day book	
c) Returns inwards daybook	
d) Returns outward daybook	

25. Highlight four services that the Central Bank of Bank of Kenya may offer as a banker top commercial banks. (4 marks)
- -
 -
 -

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BUSINESS STUDIES

PAPER 2

MARCH/APRIL 20101

THE ELDORET EAST INTER SCHOOLS EXAMINATION 20101

Kenya Certificate of Secondary Education

FORM FOUR

565/2

BUSINESS STUDIES

PAER 2

MARCH/APRIL 2010

Instruction to candidates

This paper contain six questions

Answer anf five questions

Begin your answer on a new page

This paper consist of 3 printed pages

Candidate should check the question paper to ascertain that all the pages are printed as indicated and no Questions are missing.,

1. a) Mr. Kirwa an artist decided to take his new products to the trade fairs and exhibition

. Explain five benefits he will get from the exhibition. (10mks)

b) Explain five circumstances under which both retailer and wholesalers may be eliminated from the chain of distribution. (10mks)

2a) Trade can be said to be backbone of many Economics in the world, Identify and explain five main roles trade plays in the economy of Kenya. (10mks).

b) Explain five factors that may influence the price elasticity of demand for a product. (10mks)

3. a) Explain five internal economies of scale that may accrued to a single firm that expands its production capacity 10mks).

b) Explain five services that central Bank of Kenya offers to Commercial Bank (10mks).

4. a) Explain five circumstances under which an organization would prefer to use letters for its official communication (10mks).

B) The following balances were extracted from the books of Maendeleo Traders as at 31st Dec 2008.

	sh
Purchases	500,000
Sales	800,000
Rent Received	230,000
Cash Received	140,000
Drawings	240,000

Premises	1,570,000
Creditors	420,000
Capital	1,000,000

Prepare the Trail Balance of Maendeleo Traders as at 31st Dec 2008 (10mks).

5. (a) Explain five emerging issues in the management of business. (10mks)

b) Sina Chuki Traders had cash in hand sh.12, 600 and at BANK SH.25, 420 ON 1st January 2008. *The following transactions took place during the Month of January.*

Jan 2: Cash sales sh.3000

Jan 3; Paid transport expenses sh.2500 cash.

Jan 5: Kemboi settle his account of shs.3420 by cheque after deducting 5% cash discount.

Jan 7.Drew sh.5500 from the bank for personal use.

Jan 8: paid the following creditors by cheque and in each case deducted 3% CASH discount.P.Mwangi sh.4200.K.Kosgei sh.2100.J.Otieno, sh.2700.P Nasimiyu sh.52, 000

Jan 16.Received the following cheques from debtors after had deducted cash account of 2% in each case.J.mumnene sh.9800.W.Akila sh.7180, S.Odhiambo sh.2600

Jan 25: Paid for salaries and wages by cheque sh.17, 500

Jan 30: Paid general expenses sh.1500 in cash.

Required a three column cash book. (10mks.)

6.a) Describe four circumstances under which an insurance company may find it necessary to

reinsure.(8mks)

b) Maji MATAMU traders had the following balance as at 31st December 2009.

	(Kshs.)
Premises	540,000
5 YEAR bank loan	472,500
Sundry Debtors	116,900
Sundry Creditors	227,000
Furniture and fitting	408,170
Cross Profit	520,600
Motor vehicles	900,000
Discount Allowed	142,000
Lighting	25,200
Interest on Loan	1,200
Rent Received	120,000
Repairs on premises	60,000
Repairs on furniture and fitting	72,030
Repairs on motor vehicles	300,000
General Expenses	102,100
Capital	1,200,000
Closing stock	72,500

REQUIRED

Prepare

a) Profit and loss account for the year 31st December 2009.

b) Balance sheet as at 31st December 2009.