

School

Candidate's Signature.....

Date.....

565/1

Business Studies

Paper 1

July/ August 2009

Time: 2 Hours

BORABU DISTRICT INTER-SECONDARYS
JOINT EVALUATION TEST - 2009
Kenya Certificate of Secondary Education (K.C.S.E)

565/1

Business Studies

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INSTRUCTIONS TO CANDIDATES

- *Answer ALL Questions in the spaces provided.*

FOR EXAMINER'S USE ONLY.

Question	1	2	3	4	5	6	7	8	9	10	11	12
Marks												
13	14	15	16	17	18	19	20	21	22	23	24	25

*This paper consists of 8 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 factors that may hinder the movement of factors of production (4 marks)
 - (i).....
 - (ii).....
 - (iii).....
 - (iv).....

2. State four differences between a partitioned and open office layout. (4 marks)

Partitioned office layout	Open office layout
i.....	i.....
.....
ii.....	ii.....
.....
iii.....	iii.....
.....
iv.....	iv.....
.....

3. Give four reasons why consumers need to be protected from unfair practices by traders. (4marks)
 - (i).....
 -
 - (ii).....
 -
 - (iii).....
 -
 - (iv).....
 -

4. Highlight four requisites necessary for a warehouse to operate smoothly (4 marks)
 - (i).....
 -
 - (ii).....
 -
 - (iii).....
 -
 - (iv).....
 -

5. With the aid of diagram comment on what happens to the P_e and Q_e when an increase in demand for accompanied by a proportionate increase in supply of a commodity in the market. (4 marks)

6. Highlight four measures that can be used by the government to ease unemployment problem in Kenya. (4 marks)

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

7. The information below relates to Mwanya Traders for the year ended 31 Dec. 2006.

	1/1/06	31/12/06
	Sh.	Sh.
Rent income accrued	2000	6000

The cash received during the year 2006 from tenants was Sh. 10,000.

Required: Prepare the rent income account to show the amount to be charged to the P/L A/C. (4 marks)

8. Highlight four characteristics that would make a material to act as a medium of exchange. (4 marks)

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

9. Highlight four measures a consumer may take to satisfy unlimited wants. (4marks)

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

10. In each of the following cases state the type of office department described. (4 marks)

Description	Type of department
a) Dealing with complaints from customers	
b) Recruitment, employment and placement of staff	
c) Maintaining a record of all suppliers of goods and services.	
d) Processing, manufacturing and assembling of products	

11. State four circumstances under which communication may be ineffective. (4 marks)

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

12. Outline four contents of articles of association as a document necessary during the formation of a company. (4 marks)
- (i).....
- (ii).....
- (iii).....
- (iv).....
13. State four benefits that Kenya may derive from preparation of a proper development plan. (4 marks)
- (i).....
- (ii).....
- (iii).....
- (iv).....
14. Highlight four disadvantages of advertising to consumers. (4 marks)
- (i).....
-
- (ii).....
-
- (iii).....
-
- (iv).....
-
15. The following is an extract of a two column cash book of Borabu traders for the month of June 2008.

DR

CASH BOOK

CR

Date	Details	Cash	Bank	Date	Details	Cash	Bank
2008				2008			
1 st -06	Balance b/d	100,000	350,000	5 th -06	Mary		20,000
10 th -06	Bank	30,000		10 th -06	Cash		30,000
15 th -06	Sales	25,000		18 th -06	Purchases	40,000	
25 th -06	John		10,000	20 th -06	Drawings	15,000	
				30 th -06	Rent		50,000
				30 th -06	Balance c/d	100,000	260,000
						<u>155,000</u>	<u>360,000</u>
1 st -07	Balance b/d	<u>155,000</u> 100,000	<u>360,000</u> 260,000				

State the transactions that took place on the following dates (4 marks)

- (a) 5th -06:
- (b) 10th -06:.....
- (c) 20th -06:.....
- (d) 25th -06:.....

16 The following information was extracted from the books Simba traders.

Margin	20%
Opening stock	Sh. 170,000
Rate of stock turnover	6 times
Closing stock	Sh. 210,000

Calculate:

i) Gross profit (2 marks)

ii) Sales (2 marks)

17. Below are some of the factors that influence the operations of a business. Indicate with a tick (✓) in the appropriate column, the business environment associated with each of the factors. (4 marks)

Factor	Internal	External
a) Civil war		
b) Economic recession		
c) Employees		
d) Competitors		

18. Outline four factors that inhibit entrepreneurial development in a country. (4 marks)

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

(iii).....

.....

(iv).....

.....

19. Highlight four factors that may limit the use of containers in transport (4 marks)

(i).....

.....

(ii).....

.....

(iii).....

.....

(iv).....

.....

20. The following transactions relate to Obama trades in the first week of February 2008 (4 marks)
2008

- Feb 1 Started business with Sh. 20,000 cash
- 2 Bought stock of goods cash Sh. 1,000
- 4 Sold goods on credit to John for Sh. 500
- 7 Banked Sh. 5,000

Required: Post the above transactions in the ledger (4 marks)

21. Give four disadvantages of an indirect tax (4 marks)

(i).....

.....

(ii).....

.....

(iii).....

.....

(iv).....

.....

22. The capital of Nyamaland enterprises as at 1/4/2007 and 31/3/2008 was Shs. 475,000 and Shs. 828,000 respectively. During the year ending 31/3/2008 the following transactions took place.
- a) Nyamaland converted own house worth 200,000 for business use.
 - b) He used Shs. 100,000 from the business to pay for wife's dowry
 - c) Converted Shs. 20,000 from his retirement benefits for business use.
- Required:** Calculate the profit or loss made by Nyamaland during the year. (4 marks)

23. State four circumstances under which an insurance contract may be terminated. (4 marks)
- (i).....
 - (ii).....
 - (iii).....
 - (iv).....

24. State four disadvantages of locating a business away from other related businesses (4 marks)
- (i).....
 - (ii).....
 - (iii).....
 - (iv).....

25. Outline four circumstances under which a trader may insist to be paid in cash. (4 marks)
- (i).....
 -
 - (ii).....
 -
 - (iii).....
 -
 - (iv).....
 -