

**THE BARINGO- KOIBATEK DISTRICTS EDUCATIONAL IMPROVEMENT  
EXAMINATIONS-2009**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**JULY/AUGUST-2009**

**TIME: 2 HOURS.**

1. Outline four characteristics of a country that suffers from inflation. (4 marks)
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
2. State four of knowledge that may be acquired through learning Business Studies in Secondary schools. (4 marks)
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
3. Suggest four ways in which arid-lands can be made productive in a country. (4 marks)
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
4. List four challenges facing entrepreneurs in the urban areas. (4 marks)
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
5. In the table below state the book of original entry into which each of the following would be entered. (4 marks)

Transactions	Book of original entry
(a) Credit purchase of sh. 10,000	
(b) Goods previously sold on credit are returned.	
(c) Cash sales of sh. 120,000	
(d) payment of goods purchased is made by cheque.	

6. Highlight four ways in which the central bank controls the activities of commercial banks. (4 marks)
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
7. State four superiorities of indirect production over direct production.(4 marks)
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
8. State four reasons that may influence a business person to prefer cash transactions to credit transactions. (4 marks)
- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_
9. (a) The following assets and liabilities relates to Bartek outlet for the year 2008

	1.1.2008	31.12.2008
Stock	40,000	60,000
Creditors	10,000	8,000
Cash at bank	6,000	10,000
Building	160,000	200,000

**Required:**

Determine profit/loss for the year

(4 marks)

10. The following information was available from the books of Rift Wholesalers for the year ended 30/06/08

	Shs.
Sales	120,000
Stock 1.7.2007	80,000
Return inwards	12,000
Purchases	150,000
Carriage outwards	8,000
Return outwards	10,000
Stock 30.06.2008	30,000

Prepare a trading account. (5 marks)

11. In what four ways could a government use warehousing to protect consumers? (4 marks)

- (a) \_\_\_\_\_  
(b) \_\_\_\_\_  
(c) \_\_\_\_\_  
(d) \_\_\_\_\_

12. State four reasons for the popularity of SACCO loan over commercial banks loan. (4 marks)

- (a) \_\_\_\_\_  
(b) \_\_\_\_\_  
(c) \_\_\_\_\_  
(d) \_\_\_\_\_

13. Highlight four factors that may force a school to choose a letter instead of telephone in placing orders for books. (4 marks)

- (a) \_\_\_\_\_  
(b) \_\_\_\_\_  
(c) \_\_\_\_\_  
(d) \_\_\_\_\_

14. State four advantages of having paperless office in an organization. (4 marks)

- (a) \_\_\_\_\_  
(b) \_\_\_\_\_  
(c) \_\_\_\_\_  
(d) \_\_\_\_\_

15. State four limitations of using Billboards in advertising products. (4 marks)
- (a) \_\_\_\_\_
  - (b) \_\_\_\_\_
  - (c) \_\_\_\_\_
  - (d) \_\_\_\_\_

16. The following balances were extracted from the books of Churo traders as At 31<sup>st</sup> December 2007.

Premises	60,000
Machinery	37,500
Debtors	8,000
Long term loan	52,000
Cash in hand	6,000
Outstanding electricity	5,000
Profit for the year	15,500

- Prepare a balance sheet. (4 marks)

17. State four circumstances under which the law of demand may be undermined in a market. (4 marks)
- (a) \_\_\_\_\_
  - (b) \_\_\_\_\_
  - (c) \_\_\_\_\_
  - (d) \_\_\_\_\_

18. Which channels of distribution for importing vehicles into Kenya (4 marks)
- (a) \_\_\_\_\_
  - (b) \_\_\_\_\_
  - (c) \_\_\_\_\_
  - (d) \_\_\_\_\_

19. Give four reasons why a firm may choose to remain small despite the benefits of production. (4 marks)
- (a) \_\_\_\_\_
  - (b) \_\_\_\_\_
  - (c) \_\_\_\_\_
  - (d) \_\_\_\_\_

20. Open ledger accounts to record the following transitions.

May	1 <sup>st</sup>	–	started business with shs 10,000 in cash
	3 <sup>rd</sup>	–	bought personal furniture worth shs. 5,000
	6 <sup>th</sup>	-	bought stock worth shs. 6,000 on credit
	9 <sup>th</sup>	-	deposited sh. 8,000 into bank account.

21. Identify four difficulties that may face personnel in conducting population census in Kenya. (4 marks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

22. State four reasons why railway transport is unpopular in Kenya when compared with road. (4 marks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

23. Give three reasons why a government may terminate the operations of a business. (3 marks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

24. Outline four ways in which a business should practice social responsibility to a community. (4 marks)

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

25. State the effects of the following on the capital of a firm (4 marks)

**EFFECTS ON CAPITAL**

- (a) Investment \_\_\_\_\_
- (b) Expenses \_\_\_\_\_
- (c) Profit \_\_\_\_\_
- (d) Drawings \_\_\_\_\_