

Name: Admn. No.....

School: Candidate's sign

Date:

565/1
BUSINESS STUDIES
PAPER 1
NOVEMBER 2010
TIME: 2 ½ HOURS

SOUTH LINK JOINT EVALUATION TEST

FORM THREE (3)

Business Studies
Paper 1
2 ½ hours

INSTRUCTIONS TO CANDIDATES:

- Write **your name** and **Admission Number** in the spaces provided.
- Answer **all** the questions in the spaces provided.

For Examiner's Use Only

QUESTION	1	2	3	4	5	6	7	8	9	10	11	12	13	14
MARKS														

QUESTION	15	16	17	18	19	20	21	22	23	24	25
MARKS											

TOTAL MARKS

This paper consists of 8 printed pages. Candidates should check to ascertain that all the pages are printed as indicated and no questions are missing.

1. State **four** ways in which the government may regulate business activities (4mks)
 - (i)
 - (ii)
 - (iii)
 - (iv)

2. The output level of XYZ Company has been declining for the last one year. Outline **four** measures the company management can take to improve productivity of its workers (4mks)
 - (i)
 - (ii)
 - (iii)
 - (iv)

3. Outline **four** problems that a country may encounter when measuring national income using the expenditure approach. (4mks)
 - (i)
 - (ii)
 - (iii)
 - (iv)

4. Outline **four** factors that a businessman should consider when locating an office (4mks)
 - (i)
 - (ii)
 - (iii)
 - (iv)

5. Fill in the missing figure in the table below (4mks)

Assets (shs.)	Capital (shs.)	Liabilities (shs.)
30,341	21,920	(a)
100,920	(b)	73,000
(c)	40,000	120,000
2,841	1,921	(d)

6. Highlight **four** ways in which consumers are likely to suffer in a situation where warehousing facilities are lacking (4mks)
- (i)
- (ii)
- (iii)
- (iv)
7. State **four** essentials of effective communication (4mks)
- (i)
- (ii)
- (iii)
- (iv)
8. Outline the procedure or steps followed when making an insurance claim (4mks)
- (i)
- (ii)
- (iii)
- (iv)
9. State **four** benefits of entrepreneurship to the Kenyan economy (4mks)
- (i)
- (ii)
- (iii)
- (iv)
10. State **four** reasons why consumers have to make a choice between competing needs (4mks)
- (i)
- (ii)
- (iii)
- (iv)

11. The following balances were extracted from the books of Kaikai Traders as at 31st December 2009.

	Shs.
Land	100,000
Buildings	50,000
Motor car	120,000
Cash	25,500
Creditors	1,500

Capital	311,000
Bank	4,000
Purchases	18,000
Sales	5,000

Prepare Kaikai Traders trial balance as at 31st December, 2009

(5mks)

12. Mr. Kosgei has just retired from his formal employment and he intends to start a business.

Highlight **four** factors that would influence his decision

(4mks)

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

13. A company intends to advertise its products. Outline **four** reasons why it should prefer direct mail instead of newspaper

(4mks)

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

14. The table below shows price and quantity demanded of commodity X over a given period of time.

Price in shs.	Quantity demanded
100	500
85	450
74	430
68	400
60	380

State **three** circumstances that could lead to the above trend (3mks)

- (i)
- (ii)
- (iii)

15. Outline **four** benefits that can accrue to a community that involves in trading activities (4mks)

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

16. State **four** disadvantages of a third party motor vehicle insurance policy (4mks)

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

17. Juma stores had the following balances as at 31st March 2009.

JUMA STORES BALANCE SHEET AS AT 31 ST MARCH 2009			
Shs.		Shs.	
Assets		Capital	13,379
Premises	14,000	Liabilities	
Stationery	1,560	5year loan	4,160
Cash	1,000	Creditors	1,370
Debtors	200	Overdraft	2,500
Stock	5,000		
21,760		21,760	

During the month, the following transactions took place.

2009

2nd April – Received from debtors shs.150 by cheque

7th April – sold goods worth shs.3000 for shs.9000 and deposited the money in his bank account.

Prepare Juma stores balance sheet as at 30th April, 2009

(4mks)

18. State **four** current trends in road transport

(4mks)

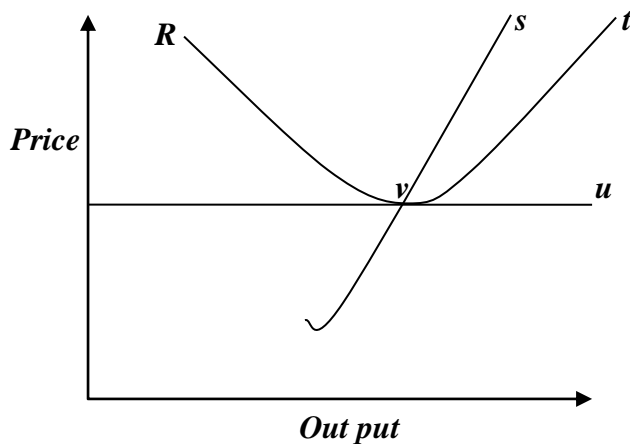
- (i)
- (ii)
- (iii)
- (iv)

19. Outline **five** causes of structural unemployment in Kenya

(5mks)

- (i)
- (ii)
- (iii)
- (iv)
- (v)

20. The following diagram represents equilibrium position of a firm in a certain industry.



Name the parts represented by the letters r, s, t and u (4mks)

- r.....
- s.....
- t.....
- u.....

21. Workers in Lions Company have been experiencing difficulties while decoding information related to their duties. Highlight **four** problems that the workers could be facing (4mks)

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

22. State the effect of each of the following transactions in the balance sheet by writing increase, or decrease, or no effect in each case transaction (4mks)

Transaction	Effect
(a) Bought machinery on credit	
(b) Withdrew cash from the business for personal use	
(c) Purchased stock in cash	
(d) Paid outstanding loan by cheque	

23. Outline **four** ways of generating business ideas

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

24. In 2009, the government of Kenya committed large amounts of resources to conduct a population census. Outline **four** importance of such on exercise to the country (4mks)

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

25. For each of the following journals in the table below, indicate in the spaces provided the source document from which journal would be recorded (4mks)

Journal	Source document
Cash payment	
Purchase return	
Sales journal	
Petty cash bok	