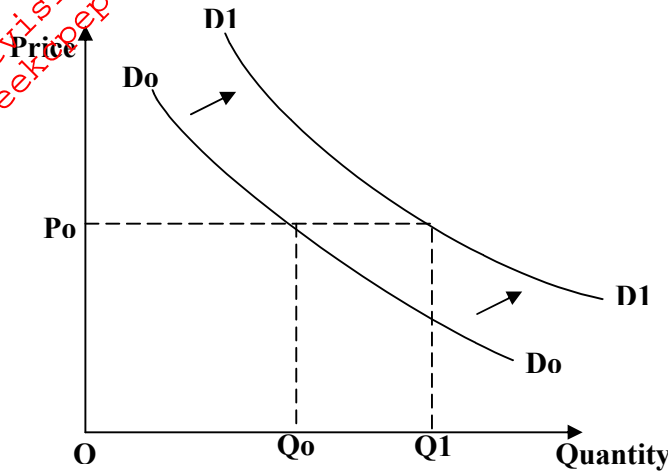


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NYAMIRA BUSINESS STUDIES

PAPER 1

1. State **four** characteristics of money. (4mks)
2. Highlight **four** disadvantages of specialization and division of labour. (4mks)
3. Outline **four** uses of national income statistics (4mks)
4. The figure below shows a shift in demand curve of a given commodity.



5. Outline **four** factors that may have caused the shift in the demand curve (4mks)
6. State **four** possible consequences that may arise from poor arrangement of goods in a warehouse. (4mks)
7. State **four** uses of a general journal. (4mks)
8. The following information relates to Nyamira Traders for the year ended 31st Dec. 2010

Sh.

Opening stock	65,000
Purchases	240,000
Profit margin	15%
Sales	320,000
Closing stock	?

9. Prepare trading account for the year ended 31st Dec. 2010 (5mks)
10. Highlight **four** reasons why an entrepreneur needs a business plan. (4mks)
11. State the principle of insurance to which each of the following statements relate. (3mks)

Statement	Principle
a) There is a close connection between the cause of loss and the actual risk insured for compensation to be effected.	
b) A person can only insure property whose destruction would result to financial loss to him/her	
c) Restoring the insured to the financial position he/she was in just before the risk occurred.	

12. Highlight **four** benefits that would accrue to travellers using boda boda as a means of transport. (4mks)

11. State **four** causes of unemployment in Kenya. (4mks)
12. The following information relates to kebirigo traders for the year ended 31st March 2010

	Shs.
Drawings	20,000
Cost of sales	150,000
Average mark up	40%
Expenses	20,000

The capital as at 31st March 2010 was shs. 189,000. determine the capital as at 1st April 2009

(4mks)

13. Highlight **four** circumstances under which an insurance contract may be terminated. (4mks)

14. Outline **four** benefits of E-commerce in transacting business in an organization. (4mks)

15. State **four** circumstances under which a country's terms of trade is likely to improve. (4mks)

16. Outline **four** circumstances under which one would prefer to be paid by cash rather than by cheque. (4mks)

17. Highlight **four** advantages of using pipeline as a means of transport. (4mks)

18. Give **four** advantages that a trader get by selling branded goods. (4mks)

19. State **four** conditions that can lead to the dissolution of a co-operative society. (4mks)

20. State **four** malpractices against which consumers may need protection.

21. Outline **four** characteristics of the Less developed countries. (4mks)

22. State **four** roles that the Nairobi stock exchange market play in the Kenyan economy. (4mks)

23. Post the following transaction to the relevant 'T' accounts (4mks)

a) Started a business by depositing in the bank a cheque of sh. 10,000

b) Withdrew cash sh. 2,000 from the bank for business use.

c) Ngithi, a debtor paid shs. 4,000 in cash

d) Withdrew cash sh. 1,000 from the Business for personal use.

24. State **four** factors capacity of a country. (4mks)

25. In each of the type of inflation described.

that determine the taxable

following cases state the

(4mks)

Description	Type of inflation
a) A rise in prices due to an increase in money supply	
b) A rise in prices due to an increase in the prices of factors of production	
c) A rise in price due to buying expensive goods from foreign countries	
d) A rise in prices at an extremely high rate leading to loss of confidence in the country's monetary system (currency)	