

1. Highlight on any four causes of business failures in Kenya. (4mks) * Nym *
2. Cite four features of economic resources. (4mks) * Nym *
3. 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 mentioned. (4mks) * Nym *

Factor	Internal environment	External Environment
(i) Objectives and goals		
(ii) Technology environment		
(iii) Financial resources		
(iii) Political will		

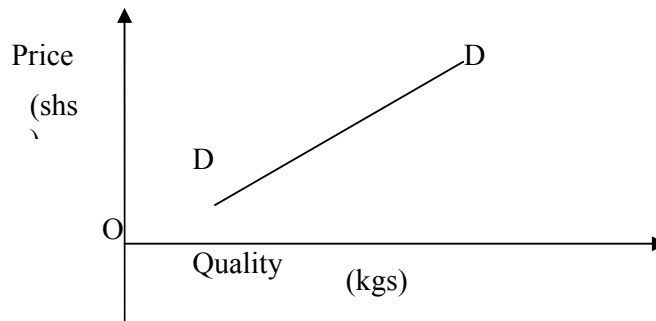
4. Identify four types of cash terms of payments. (4mks) * Nym *
5. State four essential components for communication to take place. (4mks) * Nym *
6. State four factors limiting geographical mobility of labour. (4mks) * Nym *
7. State four characteristics of ordinary shares. (4mks) * Nym *
8. Give four factors that influence the choice of distribution channel. (4mks) * Nym *
9. The following information relates to business W,X,Y and Z

Business	Assets	Liabilities	Capital Shs.
W	350,000	W	150,000
X	X	160,000	240,000
Y	800,000	450,000	Y
Z	700,000	Z	280,000

- Determine the figures represented by W,X,Y and Z in the table. (4mks) * Nym *
10. Name the ledger in which each of the following accounts can be found. (4mks) * Nym *

Account	Ledger
(a) Motor vehicle account
(b) Debtors accounts
(c) Creditors accounts
(d) Bank account

11. The diagram below represents a demand curve for a product.



- (a) Identify the nature of the demand curve represented by the diagram. (1mk) * Nym *
- (b) List three factors that may account for the nature of the demand curve represented above. (3mks) * Nym *
12. Highlight the factors to be considered when constructing consumer price index. (4mks) * Nym *
13. State the objectives of export processing zones. (EPZ). (4mks) * Nym *
14. Identify the international trade documents that relate to the following statements.
 - (a) Indicate the country of origin of imported goods.....
 - (b) Is a document of title to the goods traded in international trade.....

- (c) Used to demand payments before delivery of goods.....
- (d) Facilitates an importer to obtain credit.....
15. Differentiate between 'incidence of tax' and 'impact of tax'. (4mks) * Nym*
16. Outline four sources of a business idea. (4mks) * Nym*
17. The following purchases returns were made by Borabu Traders in the month of February 2005.
Feb. 4 Returns to Sam worth sh. 1,000 Credit note 123, to Kambi suppliers worth shs. 2,000 credit note 264.
Feb 20. Returns to Omache wholesalers' goods worth sh. 500, credit note 289, Kambi suppliers, worth sh. 1000 credit note 362.
Post the information to the purchases returns journal. (4mks) * Nym*
18. The following balances were available for Anyimu's grocery shop on 31st December 2004
- | | |
|--------------|------------|
| Capital | sh. 20,000 |
| Bankloan | sh 20,000 |
| Stock | sh. 12,000 |
| Cash in hand | sh. 20,000 |

- Draw the balance sheet following the order of liquidity. (4mks) * Nym*
19. (a) Define the term "value added" as used in business studies. (1mk) * Nym*
- (b) Determine the value of the missing values marked. 'a', 'b', and 'c' in the table below. (3mks)

	Factory 1	Factory 2	Factory3
Product	X	Y	Z
Price (shs)	500	(b)	14,500
Value added	(a)	3,500	(c)

- a. =
- b. =.....
- c. =..... (3mks) * Nym*
20. For each of the following transactions given below, indicate in the appropriate columns, the source document and the book of original entry in which the transaction should be recorded. (4mks) * Nym*

Transaction	Source document	Book of original entry
a) Purchase of goods on credit		
b) Sale of desks on credit		
c) Payment to a creditor		
d) Goods returned by a client		

21. Cite four reasons why business persons prefer mobile phones to land lines as a means of communication. (4mks) * Nym*
22. (a) Explain the term 'demand for money' (1mk) * Nym*
- (b) State the motives which underlie the demand for money in an economy. (3mks) * Nym*
23. Highlight the service offered by the wholesaler to the retailer. (4mks) * Nym*
24. Highlight four ways in which clothing satisfies human wants. (4mks) * Nym*
25. Outline four sources of Oligopoly powers. (4mks) * Nym*