

BUSINESS STUDIES

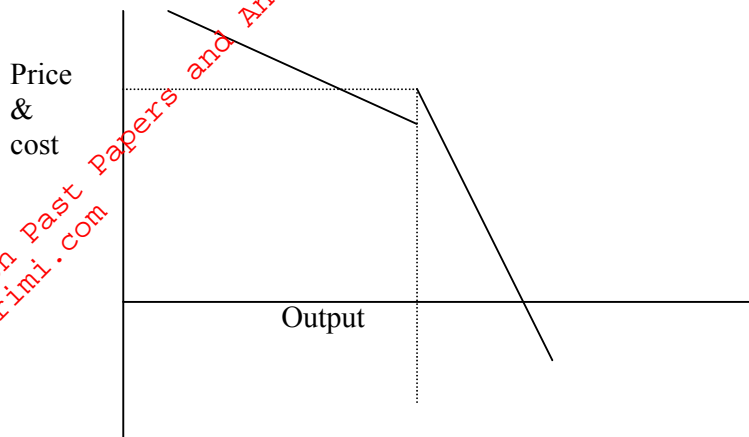
1. In the table below indicate using a tick (✓) whether the indicated factor constitutes internal or external business environment. 4mks *Tso*

FACTOR	INTERNAL ENVIRONMENT	EXTERNAL ENVIROMENT
a) Management		
b) Economy		
c) Human resources		
d) Population		

2. Give THREE reasons why consumers make choice whenever they want to satisfy human wants. 3mks *Tso*
3. Highlight FOUR factors that can promote occupational mobility of labour. 4mks *Tso*
4. Give FOUR qualities of a good entrepreneur. 4mks *Tso*
5. Highlight FOUR ways in which an open office lay-out can contribute to efficiency in office operations. 4mks *Tso*
6. A wholesaler sold 20 bags of maize at Kshs. 1200 each to a retailer. The retailer was allowed a trade discount of 10% and cash discount of 3% if payment was made within a month. Calculate the total amount of money the retailer paid if the payment was made within a week. 4mks *Tso*
7. Distinguish between
(a) A firm and industry. 2mks *Tso*
(b) Direct costs and indirect costs. 2mks *Tso*
8. Highlight FOUR ways in which the government can promote the location of business enterprises in a given area 4mks *Tso*
9. Complete the table below relating to the trading accounts of businesses X and Y. 2mks *Tso*

BUSINESS	OPENING STOCK	PURCHASES	CLOSING STOCK	GROSS PROFIT	SALES
X	2000	7,500	800		10,400
Y	3,500	24,600		4000	30,000

10. State FOUR reasons why a trader would issue a statement of account to buyers 4mks *Tso*
11. Outline FOUR disadvantages of ageing population. 4mks *Tso*
12. Give FOUR uses of a bill of lading 4mks *Tso*
13. Highlight FOUR reasons why air transport is the best suited for transporting valuable goods. 4mks *Tso*
14. Jaja traders had a closing capital of Kshs. 280,000 on 31st December 2002. During the same year the following information was found in their books:- 4mks *Tso*
- Kshs.
- Gross profit 48,000
- Total expenses 35,000
- Drawings 6,000
- Additional Investment 28,000
- Calculate the opening capital for the year 2002.
15. Outline FOUR importance of a bonded warehouse to the government. 4mks *Tso*
16. The diagram below represents the demand curve of a market structure.



- (a) Identify the market structure 1mk *Tso*
 (b) Give reasons for the shape of the curve above. 3mks *Tso*

17. The balance sheet below relates to Onyoni traders on 30th October 2005.

ASSETS		LIABILITIES AND CAPITAL	
Land	120,000	Capital	210,000
Premises	58,000	Loan (10yrs)	48,000
Van	72,000	Creditors	16,000
Stock	16,000	Overdraft	10,000
Cash	14,000		
Debtors	4,000		
	284,000		284,000

The following transactions took place during the month of November 2005.

- Took cash Kshs. 3,500 for personal use
- Sold van at Kshs. 80,000 and was paid by cheque
- Bought goods worth Kshs. 2,000 on credit.

- Prepare a new balance sheet at the end of November for Onyoni traders. 5mks *Tso*
18. Outline FOUR distribution channels for locally produced agricultural products. 4mks *Tso*
19. Identify the motive of holding money in each of the circumstances below: 3mks *Tso*
- (a) Need to hold money to cater for future unforeseen eventualities
- (b) Need to have money to cater for daily expenses
- (c) Need to have money with hopes that prices will fall in future in order to purchase more
20. Listed below, are transactions of a retailer in town X. For each of the following, identify the appropriate journal in which it should be entered. 4mks *Tso*

TRANSACTION	TYPE OF JOURNAL
(a) Sold goods on credit to Nyawira Hotel	
(b) Goods sold earlier to Riziki were returned back due to defects	
(c) Received a credit note from Malaba Wholesalers	
(d) Bought goods from Zubeda distributors on credit.	

21. Outline **FOUR** features of under development. 4mks *Tso*
22. The following information relate to Mapesa Enterprises on 31st December 2005.

Gross Profit	48,000
Salaries	8,500
Discount received	3,800
Bad debts	3,600
Discount allowed	3,000

Commission earned	4,000
Rent income	3,500
Depreciation	1,400

Required

- Prepare Mapesa's profit and loss account at 31st December 2005. 5mks *Tso*
23. Give two advantages of source documents to a firm. 2mks *Tso*
24. The incorrectly prepared trial balance below belongs to Sifa Traders on 30th October 2004. 4mks *Tso*

	DR	CR
	Kshs.	Kshs.
Capital	149,400	
Debtors		45,300
Insurance	2,000	
Fixures	48,000	
Stock (30/10/04)	6,000	
Premises		160,000
Creditors	21,900	
ICDC loan		90,000
	227,300	295,300
	227,300	295,300

25. State FOUR negative effects of inflation to a country. 4mks *Tso*
26. List THREE methods used in computing national income. 3mks *Tso*