



1. State four ways in which knowledge of business studies would benefit a secondary school leaver. (4 marks)

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2. Identify any four characteristics of economic resources (4 marks)

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3. Highlight four disadvantages of multiple stores (4 marks)

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4. Name four roles of central bank of Kenya in an economy (4 marks)

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5. State four limitations of delocalization of firms (4 marks)

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6. Identify four features of capital as a factor of production (4 marks)

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7. State four importance of development planning. (4 marks)

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8. Highlight four demerits of government involvement in business activities (4 marks)

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9. Highlight four causes of a shift of demand curve to the left (4 marks)

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10. Give four disadvantages of using the website in a business organization (4 marks)

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11. Give four assumptions of circular flow of income in a two sector economy (4 marks)

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12. Outline four circumstances under which an insurance company may re-insure (4 marks)

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13. Give the meaning of the following abbreviations as used in business studies. (4 marks)

(i) F.O.R.....

(ii) O.N.O.....

(iii) C.O.D.....

(iv) C.I.F.....

14. State four positive implication of large population in a country (1 mark)

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15. State four roles of stock exchange as a market for securities (4 marks)

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16. Outline four merits of indirect tax (4 marks)

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17. State four challenges that may be faced by a person who communicates using a mobile phone. (4 marks)

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18. The following information was extracted from the books of down traders 31/1/2011.

	Shs.
Purchases	300,000
Rent	418,000
Opening stock	25,000
Sales	568,000
Closing stock	125,000
Bank overdraft	430,000

Required to prepare trading profit and loss account for the month ended 31/1/2011

(4 marks)

19. State four characteristics of a good entrepreneur (4 marks)

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20. Keenly study the balance sheet of Smart traders which has been wrongly drawn, prepare a correct one. (4 marks)

Smart traders  
Balance sheet  
As at 31/08/2009

Assets	shs.	Liabilities	shs.
Stock	80000	Bank overdraft	80000
Creditors	50000	Debtors	35000
Long term loan	65000	Land	120000
Capital	130000	Furniture	75000
		Cash	15000
			<b>325000</b>
	<b>325000</b>		

21. Outline four principles of cooperative societies (4 marks)

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22. State four errors that cannot be revealed by a trail balance. (4 marks)

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23. Outline four differences between a whole life policy and endowment policy (4 marks)

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24. State the effect of each of the following transactions on the balance sheet by writing increase or decrease or no effect in each case. (4 marks)

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	.....

25. On May 26, 2000 Owino had sh.15000 in hand and a bank overdraft of sh.25000. During the month of the following transactions took place.

May 2 cash sales banked sh.40360

4. Bought stationery in cash 2400

6. Received a cheque of sh.97800 from Omoyo after allowing him a cash discount of sh.2200

9. Paid Watonga a creditor sh.65800 by cheque after deducting 6% cash discount

15. Paid wages sh.8000 in cash

18. James a debtor settled his account of sh.75000 by cheque less 10% cash discount

25. Withdrew sh.30000 from bank for office use

28. Cash purchases sh.10000

31. Withdrew sh.7000 from bank for private use

Required: prepare a three column cash book and balance off (4 marks)