

**BUSINESS PAPER 1**

**2011**

1 Identify the types of wholesalers described in the statements given below:  
(4 marks)

- (a) A wholesaler who trades in maize grain only.
- (b) A wholesaler who supplies goods to most of the traders in Kitui, Mbooni and Machakos districts in the Eastern part of Kenya.
- (c) A wholesaler who buys tomatoes from farmers in rural areas and sells the same to other wholesalers in urban areas.
- (d) A wholesaler who trades in a wide variety of human medicine.

2 Outline **four** factors that should be considered before buying office equipment.  
(4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

3 Outline **four** malpractices by traders against which consumers may need protection by the government. (4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

4 State **three** features of an insurable interest. (3 marks)

- (a) .....
- (b) .....
- (c) .....

10. Indicate the reward associated with each of the factors of production in the table below. (4 marks)

	<b>Factor of Production</b>	<b>Reward</b>
a	Land	
b	Labour	
c	Capital	
d	Entrepreneurship	

11 . Outline **four** circumstances under which a co-operative society may be dissolved. (4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

12 Highlight **four** features of a bonded warehouse. (4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

13 Outline **four** factors that may be considered when measuring the size of a firm.

(4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

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14. The following transactions were extracted from the books of Sarah Traders for the month of March 2006.  
 March 10: Purchased goods on credit worth Ksh 200,000 from Salim Traders  
 March 25: Sold goods on credit worth Ksh 420,000 to Shah Traders  
 Record the above transactions in the ledger accounts below: (4 marks)

(a) Salim Traders Account

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(c) Shah Traders Account

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(b) Purchases Account

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(d) Sales Account

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15. On 2<sup>nd</sup> November 2006, Oromo received an invoice for Ksh 12,000. Terms of payment were trade discount 5% and cash discount 10%, if payment is made within 30 days. Determine the amount paid if payment was made on 28<sup>th</sup> November 2006. (4 marks)

16. The following balances were extracted from the books of Nafula Traders as at 31<sup>st</sup> December 2005.

	Ksh
Current Liabilities	150,000
Net profit	50,000
Total assets	500,000
2 years Bank loan	100,000

Calculate the rate of return on capital. (4 marks)

17 The information given below was extracted from the books of Amina Traders on 31st December 2006.

	<b>Ksh</b>
Purchases	260,0
00	
Opening	stock
0	75,00
Carriage on purchases	
12,500	
Closing	stock
0	27,50
Goods were sold at a mark-up of 25%.	

Using the information given above, prepare Amina Traders' Trading Account. (4 marks)

18 State **four** benefits that a farmer may get by transporting produce to the market by road.

(4 marks)

- (a) .....
- (b) .....
- (c) .....

(d) .....

19. The table given below represents the supply schedule of sukuma wiki (kales) for eight weeks in the months of January and February 2009.

WEEK	1	2	3	4	5	6	7	8
QUANTITY (METRIC TONNES)	505	485	430	375	340	290	215	195

(4 marks)

Outline **four** causes of the trend in the table.

- (a) .....
- (b) .....
- (c) .....
- (d) .....

20 Outline **four** ways in which households contribute to national income of a country.

(4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

21 Outline **four** circumstances in which a trader may use oral communication.

(4 marks)

- (a) .....
- (b) .....

- (c) .....
- (d) .....

22 Outline **four** reasons why a firm may remain small. (4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

23 On 1st January 2007, Muthoni Traders Cash Book showed a credit balance of Ksh 150,000 at the bank and a debit balance of Ksh 25,250 in hand. During the month, the following transactions took place:

- January 5: Made cash sales for Ksh 21,500
- January 16: Received a cheque for Ksh 360,000 from a debtor.
- January 28: Paid a creditor Ksh.100,000; partly by a cheque of Ksh 80,000 and the balance in cash.

Prepare a Two-column Cash Book for the month. (5 marks)

**MUTHONI TRADERS CASH BOOK**

**DR**

**CR**

Date	Details	Cash (Kshs)	Bank (Kshs)	Date	Details	Cash (Kshs)	Bank (Kshs)

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24 State four benefits that a trader may get by advertising products in a newspaper.

(4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

25 The cost of consumer goods and services for a representative basket of an average family is given below.

Year	2006	2007
Prices	Ksh 1200	Ksh 1600

Determine the increase in Consumer **Price** Index using 2006 as the base year. (4 marks)

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