

**3.29 BUSINESS STUDIES (565)**

**3.29.1 Business Studies Paper 1 (565/1)**

- 1** The following are descriptions of features of human wants. Identify the features that relate to the descriptions in the spaces provided. (4 marks)

|     | <b>Description</b>  | <b>Feature</b> |
|-----|---|----------------|
| (a) | A person is unable to fully satisfy all wants.            | .....          |
| (b) | Once satisfied, they have a tendency of being felt again. | .....          |
| (c) | Some wants are satisfied together                         | .....          |
| (d) | The same want can be satisfied using different resources. | .....          |

- 2** Name **two** occupations that relate to each of the production activities given below: (3 marks)

|     |                 |      |       |
|-----|-----------------|------|-------|
| (a) | Extraction      | (i)  | ..... |
|     |                 | (ii) | ..... |
| (b) | Construction    | (i)  | ..... |
|     |                 | (ii) | ..... |
| (c) | Direct services | (i)  | ..... |
|     |                 | (ii) | ..... |

- 3** Outline **four** tasks that may be carried out by a receptionist in an office. (4 marks)
- 4** Highlight **four** circumstances in which a cheque may be used as a means of payment. (4 marks)
- 5** Highlight **four** activities that may be carried out in a stock exchange market. (4 marks)
- 6** Outline **four** features of liners in sea transport. (4 marks)
- 7** State **five** types of information that a manager may communicate to the juniors. (5 marks)

8 Explain the meaning of the following terms: (4 marks)

(a) Insured .....

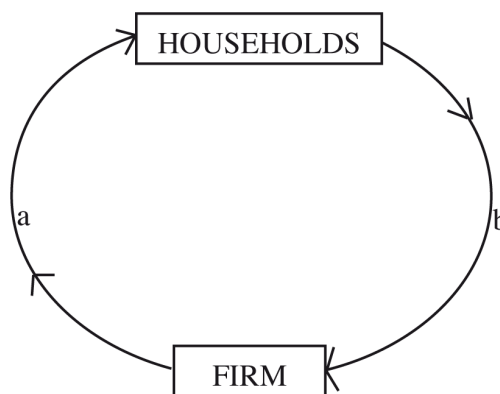
(b) Insurance .....

9 In the spaces provided below, indicate whether the following factors cause movement along the demand curve or a shift of the demand curve. (3 marks)

|     | Factor             | Movement along or shift of |
|-----|--------------------|----------------------------|
| (a) | Change in income.  | ..... the demand curve.    |
| (b) | Change in price.   | ..... the demand curve.    |
| (c) | Change in weather. | ..... the demand curve.    |

10 Highlight **four** roles played by the broker in the chain of distribution. (4 marks)

11 The following diagram represents the circular flow of income in a two sector closed economy.



Identify **two** factors represented by each of the arrows labelled a and b. (4 marks)

12 Fill in the missing figures in the table below: (4 marks)

|     | FA      | CA      | C       | L       |
|-----|---------|---------|---------|---------|
| (a) | 275,500 | .....   | 315,000 | 115,500 |
| (b) | 182,000 | 108,700 | .....   | 217,100 |
| (c) | .....   | 76,400  | 123,100 | 91,900  |
| (d) | 313,450 | 211,340 | 189,170 | .....   |

13 Mheshimiwa Ltd. had the following ledger account balances as at 31<sup>st</sup> May 2010:

| Details              | Shs.  |
|----------------------|-------|
| Purchases            | 3,880 |
| Sales                | 3,350 |
| Returns outwards     | 150   |
| Returns inwards      | 160   |
| D. Simola (Debtor)   | 2,550 |
| P. Mwende (Creditor) | 3,100 |
| Wages                | 800   |
| Cash                 | 960   |
| Capital              | 1,750 |

**Required:** Prepare Mheshimiwa's trial balance as at 31<sup>st</sup> May 2010.

(5 marks)

14 The following is a format of the debit side of a three-column cash-book:

**Dr.**

| DATE |  | V | W | X | Y |
|------|--|---|---|---|---|
|      |  |   |   |   |   |
|      |  |   |   |   |   |
|      |  |   |   |   |   |

Name the columns labelled V, W, X and Y.

(4 marks)

15 Outline **four** functions of the International Bank for Reconstruction and Development.

(4 marks)

16 State **four** disadvantages of barter trade.

(4 marks)

17 The following transactions relate to Jelimo Stores:

- (a) 10<sup>th</sup> October 2010, sold unused stationery for Sh 3,000 on credit to K. Likia.
- (b) 23<sup>rd</sup> October 2010, bought a motor vehicle on credit from Onjwaria Motors for Sh 700,000.

**Required:** Record the above transactions in the general Journal given below: (4 marks)

| Date  | Particulars | Folio | Dr.   | Cr.   |
|-------|-------------|-------|-------|-------|
| ..... | .....       | ..... | ..... | ..... |
| ..... | .....       | ..... | ..... | ..... |
| ..... | .....       | ..... | ..... | ..... |

- 18 List **four** levels of inflation. (4 marks)
- 19 Many countries in Africa, Latin America and Asia are considered to be under-developed. Outline **four** characteristics they have in common. (4 marks)
- 20 Madam Emoro operates a mataatu business. State **four** factors in the internal environment that may influence the business. (4 marks)
- 21 Highlight **four** reasons for which businesses should observe ethical practices. (4 marks)
- 22 State **four** merits of promoting products through personal selling. (4 marks)
- 23 The following information relates to Kiboko Traders as at 31<sup>st</sup> December 2010.

| Details                              | Shs       |
|--------------------------------------|-----------|
| Total drawings                       | 400,000   |
| Added investments                    | 800,000   |
| Capital on 31 <sup>st</sup> Dec 2010 | 7,000,000 |
| Profit                               | 3,100,000 |

Calculate Kiboko's initial capital. (3 marks)

- 24 Outline **four** positive implications of a youthful population to an economy. (4 marks)
- 25 PQ Ltd had the following balances as at 31<sup>st</sup> December 2012.

|                  | Shs        |
|------------------|------------|
| Sales            | 23 498 000 |
| Stock 1/1/2012   | 57 140     |
| Returns Inwards  | 27 200     |
| Purchases        | 16 290 000 |
| Stock 31/12/2012 | 86 340     |

Prepare PQ's Trading Account for the year ended 31<sup>st</sup> December, 2012. (5 marks)

### 3.29.2 Business Studies Paper 2 (565/2)

- 1 (a) Explain **five** benefits that a firm may enjoy by preparing a business plan. (10 marks)
- (b) Explain **five** demerits that a country may suffer when the government becomes a major investor in business. (10 marks)

- 2 (a) On first January 2012, Ndovu Traders had shs 30,000 in cash and shs 75,000 at the bank. During the month, the following transactions took place:

January 2<sup>nd</sup>: Bought goods in cash worth shs 15,500

5<sup>th</sup>: Received cash from Chui shs 23,750 after allowing 5% cash discount.

8<sup>th</sup>: Withdrew shs 8,900 from the bank for personal use.

11<sup>th</sup>: Maro, a debtor settled her account of shs 16,800 by a cheque of shs 16,000.

15<sup>th</sup>: Sales amounted to shs 24,250 in cash.

17<sup>th</sup>: Paid Furaha traders shs 29,100 in cash in full settlement of their account less 3% cash discount.

20<sup>th</sup>: Withdrew shs 15,000 from the bank for business use.

22<sup>nd</sup>: Koko a debtor, settled her account of shs 40,000 by cheque less 2.5% cash discount.

25<sup>th</sup>: Paid wages shs 21,000 in cash.

**Required:**

Prepare a duly balanced three column cash book. (12 marks)

- (b) Explain **four** reasons for which traders observe ethical practices in product promotion. (8 marks)
- 3 (a) Explain **five** objectives that may be achieved by establishing firms in different parts of the country (10 marks)
- (b) Describe **five** accounting documents that are used in home trade. (10 marks)

- 4 (a) The following information relates to Bahati enterprises:

| Details                              | Shs       |
|--------------------------------------|-----------|
| Stock 1 <sup>st</sup> January 2012   | 430,000   |
| Purchases                            | 930,000   |
| Sales                                | 1,155,000 |
| Carriage outwards                    | 25,000    |
| Carriage inwards                     | 10,000    |
| Returns outward                      | 20,000    |
| Returns inwards                      | 30,000    |
| General expenses                     | 100,000   |
| Insurance                            | 25,000    |
| Stock 31 <sup>st</sup> December 2012 | 470,000   |

**Calculate:**

- (i) Turnover (1 mark)
- (ii) Rate of Stock Turnover (3 marks)
- (iii) Mark up (2 marks)
- (iv) Margin (2 marks)
- (v) Net profit (2 marks)
- (b) Explain **five** guidelines that should be followed by the government in its expenditure. (10 marks)
- 5 (a) Explain **five** disadvantages that a developing country may suffer by liberalizing foreign trade. (10 marks)
- (b) Explain **five** features of monopolistic competition. (10 marks)
- 6 (a) Apart from selling shares, explain **five** sources of finance for a public limited company. (10 marks)
- (b) There has been a decline in the demand for wooden furniture. Explain **five** factors that may have caused this trend. (10 marks)