

**K.C.S.E BUSINESS STUDIES PAPER 1 2009 (565/1)**

1. State **four** factors that may affect the geographical mobility of labour. (4 marks)
  
2. Outline **four** ways in which Commercial Attaches may promote trade between their country and other countries (4 marks)
  
3. Ambaseli Enterprises has been spending heavily on promotion for its products though its sales have consistently declined. Outline **four** measures that the company may take to reverse the trend. (4 marks)

4. Write the type of demand represented by each of the following statements.
  - (i) Demand for a commodity causes an increase in demand for another commodity
  - (ii) Demand for one commodity calls for demand for another commodity. (2 marks)

5. The following balances were extracted from the books of Saku Traders on 31 March 2008

Fixed assets	300,000
Currents assets	123,700
Creditors	84,500
5-year loan	125,000

Determine the networth of the business as at 31st March 2008. (4 marks)

6. Indicate the type of journal in which each of the following transaction would be recorded.

	Transaction	Type of journal
(i)	Goods previously sold on credit were returned	_____
(ii)	Goods bought on credit	_____
(iii)	Goods sold for cash	_____
(iv)	Motor vehicle sold on credit	_____

(4 marks)

7. A trader has decided to take a loan to expand a manufacturing business. Give **two** reasons why it is beneficial to borrow from a non-bank financial institution.

(4 marks)

8. State **four** items that usually appear on the credit side of the current account of a country.

(4 marks)

9. Outline **four** benefits that may accrue to a business from a country's political stability.

(4 marks)

10. A lucrative manufacturing firm has been constantly releasing toxic wastes into the neighbourhood. Outline **four** measures you can take to stop the firm from such malpractice.

(4 marks)

11. Outline **four** factors that should be considered in the choice of a means for transporting perishable goods.

(4 marks)

12. Outline **four** circumstances under which face to face communication may be ineffective. (4 marks)

13. Highlight **four** benefits that would accrue to a firm located near other existing firms. (4 marks)

14. Country X has been experiencing an upward trend in the price of petrol as a result of a rise in inflation. State **four** steps that can be taken to minimize expenditure on this product. (4 marks)

15. Outline **four** reasons why an increase in per capita income may not necessarily lead to arise in the standard of living of the citizens. (4 marks)

16. The bookkeeper of TandeTraders extracted the following information from the accounting records.

	1.1.2007	31.12.2007
	Sh	Sh
Suppliers	465,000	640,000
Discount received	-	12,000
Purchases returns	-	25,000

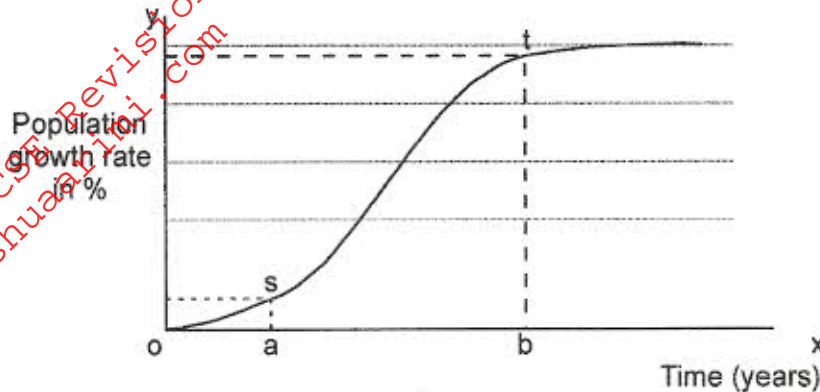
During the year ended 31.12.2007, suppliers were paid Sh 1,500,000 while cash purchases amounted to Sh 800,000.

Determine the purchases for the year (5 marks)

17. Outline **four** circumstances that would make an office manager to replace an existing machine with a modern one. (4 marks)

18. Outline **four** reasons why hypermarkets are becoming increasingly popular in Kenya. (4marks)

19. The graph below shows the rate of population growth of a given country.



- Outline **four** factors that may have contributed to the trend between s and t. (4 marks)

20. Kazim maintains a petty cashbook on a weekly imprest of Sh 13,000. On 1st April 2007 the cash balance was Sh 2,570. During the week of April, the following transactions took place.

2007

- April 2 Received reimbursement from the main cashier
- “ 3 Paid Sh 3,070 for cleaning materials
- “ 4 Paid Sh 2,000 bus fare
- “ 6 Bought stationery worth Sh 2,200

Prepare a petty cashbook to record the above transactions using cleaning, stationery and bus fare columns. (5 marks)

21. Highlight **four** circumstances under which business enterprises may choose to merge. (4 marks)

22. The following information relates to Maji Mazuri Traders as at 31.12.2008.

Fixed assets	400,000
Stock	120,000
Current liabilities	60,000
Net profit for the current year	100,000

Calculate:

(i) rate of return on capital employed

(ii) current ratio

(4 marks)

23. Highlight **four** factors that must be considered before incurring public expenditure. (4 marks)



24. Outline **four** benefits that accrue to the government as a result of privatization of public enterprises. (4 marks)

25. KAMAT owned a motor vehicle valued at Sh 1,000,000. He comprehensively insured the car at Sh 800,000. The motor vehicle was involved in an accident and declared a write off. Calculate the amount KAMAT should get from the insurer. (4marks)

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