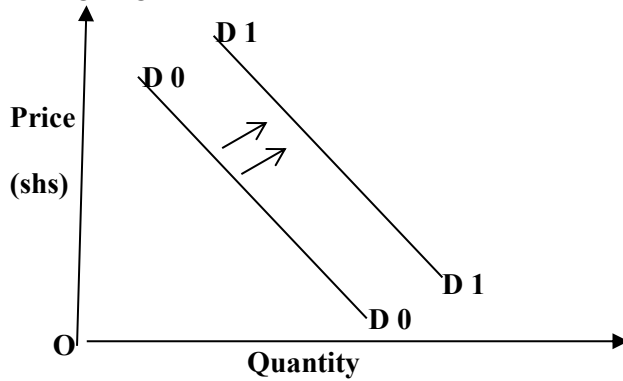


KAPSABET BOYS HIGH SCHOOL
565/1
BUSINESS STUDIES
SEPTEMBER 2021

- Onazi Secondary School will wish to change from an enclosed office to an open office. Highlight **four** advantages that will accrue from this. (4mks)
- Motor cycles have recently become a very popular mode of transport in Kenya. List **four** benefits a commuters enjoy by using them. (4mks)
- Outline **four** factors that may make it necessary for insurance company to reinsure. (4mks)
- The following diagram shows a shift in demand curve. Outline **four** reasons that can lead to this shift. (4mks)



- Kenya has a few oligopoly firms. Highlight **four** sources of oligopoly powers to these firms. (4mks)
- Highlight **four** ways in which capital of a business may change (4mks)
- For each of the following transactions, indicate with tick (✓) in the spaces provided whether it will increase, decrease or have no effect on the balance sheet totals. (4mks)

Transaction	Increase	Decrease	No effect
a) Investing more cash in business			
b) Paying creditors in cash			
c) Buying a piece of furniture in cash			
d) Paying a creditor using money from private source			

- Below are some entries in the cash book of Romeo Traders for the month of July 2021.

Cash Book

Dr				Cr			
Date(2021)	Details	Cash (shs)	Bank(shs)	Date (2021)	Details	Cash (Shs)	Bank (Shs)
July: 1	Bal b/f	15,000		July: 1	Bal.b/f		100,000
6	cash		20,000	6	bank	20,000	
20	sales		15,000	15	wages	5,000	
28	Debtors	20,000		29	stock		10,000
				31	Bal c/f	19,000	

- State the meaning of the following entries. (4mks)
- July 1, bal b/f bank column shs.100,000
 - July 6, cash shs. 20,000 and Bank shs. 20,000

- c) July, 28 debtors shs. 20,000
 d) July 31 2010, balance c/f shs. 10,000
9. Highlight **four** roles of an entrepreneur to the economy of a country. (4mks)
 10. Identify the source documents used to enter the following journals. (4mks)

Journal	Source document
(i)Purchase journal	(i)
(ii>Returns outwards journal	(ii)
(iii) Sales journal	(iii)
(iv)Cash receipt journal	(iv)

11. State **four** ways in which consumers are likely to suffer when there is no warehousing. (4mks)
 12. Highlight **four** disadvantages of concentrating many firms in Nairobi town. (4mks)
 13. Oscar imports goods from South Africa to Kenya. State **four** conditions that would determine the choice of his distribution channel (4mks)
 14. State **four** ways in which Kenya as a country can conserve her economic resources. (4mks)
 15. Outline **four** ways in which the legal political environment can influence the activities of a business. (4mks)
 16. For each of the following descriptions, identify the corresponding method of product promotion. (4mks)

DESCRIPTION	METHOD OF PROMOTION
Free promotion of a product	
Strategies to increase sales at the point of promotion.	
Impersonal presentation of a product through the mass media	
Ment to improve the reputation of a firm	

17. Outline **four** factors that influence the amount of money held by an individual for precautionary motive. (4mks)
 18. The following balances relates to the business of Super loaf traders during the period ended 30th June 2021.

	Shs.
Rent received	12,000
Salaries and wages	48,000
Gross profit	120,000
Discounts received	7,500
Insurance	12,500
Carriage on sales	15,000
Discounts allowed	6,000

Prepare the business's Profit & loss a/c for the period ended 30th June 2021.

19. The following transaction was extracted from books of Kuria business on 31st March 2004.
- | | |
|------------------|--------|
| Stock (01/04/05) | 8,000 |
| Stock (31/03/06) | 9,000 |
| Purchases | 4,500 |
| Sales | 21,000 |
- Calculate:
- (i) Margin (2mks)
 (ii) Rate of stock turn over. (2mks)

BUSINESS STUDIES PAPER 1 & 2

20. Highlight **four** factors that must be considered before spending public funds. (4mks)
21. Outline **four** circumstances under which a firm may be located near the source of its raw materials. (4mks)
22. Highlight **four** circumstances under which face – to face communication would be preferred to written communication in a firm. (4mks)
23. State **four** ways how consumers can protect themselves against malpractices by private business people. (4mks)
24. Highlight **four** problems associated with the measurement of national income using the output approach. (4mks)
25. The aggressive campaign for citizens to plan their families seems to be causing a decline in the country's population growth. Outline four possible effects of this. (4mks)

KAPSABET BOYS HIGH

565/2

BUSINESS STUDIES

SEPTEMBER 2021

1. (a) Explain five benefits that could accrue to a customer who buys goods from a departmental store. (10mks)
- (b) Explain five roles played by licensing as a government regulatory tool. (10mks)
2. (a) Explain five services that the central bank of Kenya offers to commercial banks. (10mks)
- (b) The following information relates to the business of Kipsis Traders for the week ended 29th Feb 2016.

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Feb 24th	Started business with shs 24,000 in the bank.
Feb 25 th	Bought goods worth shs 18,000 by cheque.
Feb 26 th	Sold goods for cash shs 18,900
Feb 28 th	Cash sales worth Kshs 5,625
Feb 29 th	Paid commission Kshs 900 in cash.

Required

Prepared ledger accounts and balance them off. (10mks)

3. (a) Describe five channels followed in exporting agricultural product. (10mks)

(b) The following trial balance was extracted from Milka traders on 31st Dec 2020.

	Dr	Cr
	Sh	Sh
Capital		250,000
Stock	25000	
Machinery	250,000	
Motor vehicle	87000	
Purchase	360,000	
Sales		600,000
Returns inwards	40,000	
Returns outwards		20,000
Discount received		5,000
Carriage inwards	2000	
Carriage outwards	3000	
Bad debts (written off)	80,000	
General expenses	88,000	
Debtors	18,000	
Creditors		49,000
Rent	1000	
	<u>954.000</u>	<u>954.000</u>

Additional information;

Closing stock was sh. 22000

Prepare Milka traders Trading, profit and loss account for the year ending 31/12/2020.

- (10mks)
4. (a) Explain five reasons why a country imposes taxes on her citizens. (10mks)
- (b) Outline five differences between a public limited company and a cooperative society. (10mks)
5. (a) Using a diagram illustrate the effects of a positive shift of a demand curve on the equilibrium point, price and quantity (10mks)
- (b) Explain five features of land as a factor of production. (10mks)
6. (a) Mmanyi Enterprises have decided to construct their own warehouse. Explain five benefits they are likely to derive. (10mks)
- (b) Explain five importance of filing documents in an organization (10mks)

KIGUMO CLUSTER
565/1
BUSINESS STUDIES PAPER 1

1. Commerce is trade and aids to trade. List **four** aids to trade. (4 Mks)
2. State **four** objectives of a business. (4 Mks)
3. Resources are categorized broadly into economic and free resources. Identify any **four** free resources. (4 Mks)
4. State **four** roles of an entrepreneur in production. (4 Mks)
5. State **four** benefits of registering a company with the stock exchange market. (4 Mks)
6. Highlight **four** ways in which consumers may protect themselves against exploitation by traders. (4 Mks)
7. State **four** advantages of having a dry port or an inland container depot. (4 Mks)
8. State **four** measures that the Kenyan government can take to solve unemployment problem. (4 Mks)
9. Highlight four benefits that would accrue to a firm located near other existing firms. (4 Mks)
10. The following information was extracted from the books of Turaga traders on 31st Dec 2019.

	<u>Shs.</u>
Turn over	608,000
Purchases	580,000
Opening stock	160,000
Closing stock	200,000

- Prepare Turaga traders trading account. (4 Mks)
11. State **four** objectives of product promotion. (2 Mks)
 12. Highlight **four** benefits of globalization to a business enterprise. (4 Mks)
 13. State **four** problems experienced by a trader who stores goods in a public warehouse. (4 Mks)
 14. State **four** factors that determine the amount of money held for transaction motive. (4 Mks)
 15. Outline **four** factors that may cause the supply curve to shift to the left (4 Mks)
 16. Rahisi traders had the following information in its books of account on 1st Jan 2019.

	Kshs.
Machinery	500,000
Bank overdraft	180,000
Capital	620,000
Debtors	38,000
Cash in hand	100,000
Creditors	280,000
Stock	300,000

For the year ended 31st 2019, the following information was available;

- i) Sold all the stock for Ksh. 330,000 and received the amount by cheque.
- ii) Brought into the business cash from a private source Kshs.200,000.

Required;

- Draw a balance sheet as at 31st Dec 2019. (4 Mks)
17. Outline **four** factors that affect the circular flow of income. (4 Mks)
 18. Outline **four** features of monopoly. (4 Mks)
 19. Given the following books of original entry, identify the source document used for each. (4 Mks)

Book of Original entry	Source document
(a) Purchases journal	
(b) Cash book	
(c) Sales return book	
(d) Sales journal	

20. State **four** roles of the insurance industry in the Kenya's entrepreneurial development. (4 Mks)
21. State **four** levels of inflation. (4 Mks)
22. State **four** benefits enjoyed by a trader who does not sell on credit. (4 Mks)
23. Highlight **four** factors that may determine the amount of revenue to be collected through taxation. (4 Mks)
24. Outline **four** factors that hinder economic integration. (4 Mks)
25. State **four** benefits of preparing a development plan.

KIGUMO CLUSTER**565/2****BUSINESS STUDIES PAPER 2****END OF TERM 2 2021 EVALUATION**

- 1 (a) Outline **five** ways through which the government of Kenya encourages entrepreneurship in the country. (10 Marks)
- (b) Explain **five** merits of direct taxes. (10 Marks)
- 2 (a) Outline **five** circumstances under which a public limited company may be dissolved. (10 Marks)
- (b) Explain **five** methods in which the central bank of Kenya may use to reduce money circulation in the economy. (10 Marks)
- 3 (a) Explain **five** factors to consider when choosing the means of communication to use. (10 Marks)
- (b) Post the following transactions to the relevant ledger accounts and balance them off. (10 Marks)
- 1/1/2019 - Started a business with Sh 120,000 in cash.
- 6/1/2019- Bought goods worth Sh 10,000 from Shah Traders on credit.
- 8/1/2019 – Deposited Sh 100,000 into the business account.
- 10/1/2019 – Bought furniture worth Sh 80,000 paying by cheque.
- 16/1/2019 – Paid water bill Sh 10,000 in cash.
- 24/1/2019 – Took cash Sh 5,000 to pay school fee for his son.
- 4 (a) Explain **five** external factors that would contribute to the success of a business enterprise (10 Marks)
- (b) Explain **five** circumstances under which a producer may use a direct channel in distributing his goods. (10 Marks)
- 5 (a) Explain **five** factors to consider before buying office equipment. (10 Marks)
- (b) Explain **five** disadvantages that a developing country may suffer by liberalizing foreign trade. (10 Marks)
- 6 (a) Explain **five** benefits of high population to a country. (10 Marks)

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- (b) The following information relates to Kilima traders for the year 2018
- | | |
|------------------------|------------|
| Turnover | sh 400,000 |
| Mark-up | 25% |
| Rate of stock turnover | 5 times |
| Opening stock | sh 60,000 |
| Expenses | sh 36,000 |
- From the information given above, calculate
- (a.) Margin (2Marks)
- (b.) Gross profit (2Marks)
- (c.) Cost of goods sold (2Marks)
- (d.) Net profit (2Marks)
- (e.) Closing stock (2Marks)

ACK DIOCESE OF NAMBALE

565/1

BUSINESS STUDIES

Paper 1

1. State four ways in which the learning of business studies in secondary school can be of benefit to the Kenyan economy. (4mks)
2. Highlight four ways in which an individual consumer can ensure that he/she is not exploited by traders. (4mks)
3. Identify four measures that can be put in place by a business to safeguard its property. (4mks)
4. Kenya is experiencing a growing boda boda transport. Highlight four challenges that are facing this means of transport. (4mks)
5. Identify four circumstances under which a monopolist could practice price discrimination. (4mks)
6. Following is a list of business transactions. Indicate the effect of these transactions on the balance sheet totals. Use (+) for increase, (-) for decrease and (NE) for no effect. (4mks)

	Transaction	Effect on balance sheet totals
(a)	The business took a bank loan of Sh. 100,000 and used the whole amount to pay creditors	
(b)	Bought furniture worth Sh. 35,000 then paid cash Sh. 20,000 and the balance to be paid later.	
(c)	An old computer worth Sh. 10,000 was disposed at Sh. 8,500 cash.	
(d)	Bought stock of goods for sale on credit for Sh. 22,000	

7. Outline four roles played by the banking sector in an economy. (4mks)
8. Mention four circumstances under which an insurance claim may be honoured. (4mks)
9. Highlight four factors that are likely to lead to demand-pull inflation. (4mks)
10. State four reasons why a manufacturer may sell directly to the consumer. (4mks)
11. On 1st January 1999 Kibet started a business with a capital of Kshs. 25,000 in cash. The following transactions took place during the first week of the month:
 Jan 2: Bought stock of goods Kshs. 10,000 cash
 Jan 5: Took cash to the bank Kshs. 8,000
 Jan 6: Cash sales Kshs. 5,000

Required:

Enter the above transactions in the relevant ledger accounts and balance them off. (4mks)

12. State four reasons for the popularity of personal selling as a means of promoting products by firms. (4mks)
13. Highlight four reasons that account for low living standards in a country with high per capita income. (4mks)
14. State the meaning of the following terms as used in the process of satisfaction of human wants. (4mks)
 - (i) Scarcity
 - (ii) Choice
 - (iii) Opportunity cost
 - (iv) Scale of preference
15. Outline four ways in which mobile phone money transfer services have facilitated trade in the economy. (4mks)
16. Identify four aspects of the legal and political environment of a business. (4mks)
17. The following transactions relates to the business of Amina Traders during the month of May 2010.
 May 5: Returns inwards of Kshs. 15,000 from Aswani.
 May 7: Issued a credit note to Andanje worth Kshs. 7,500
 May 11: Andrew, a customer returned goods worth Kshs. 11,000
 May 13: Sent a credit note of Kshs. 10,000 to Wambua
 May 23: Goods worth Kshs. 6,500 were returned by Atieno.

Required

Enter the above transactions in the relevant day book. (4mks)

18. Highlight four factors to be considered when evaluating a business idea. (4mks)

19. Outline four roles of Kenya Institute of Business Training. (4mks)
 20. Using the following information regarding the supply of cabbages in Eldoret Municipal Market, draw a supply curve. (4mks)

Price (Kshs.)	Quantity (Kg)
10	100
20	150
30	250
40	300
60	350

21. State four benefits of warehousing to the consumer. (4mks)
 22. Identify four measures which the Kenyan government can take to solve the unemployment problem. (4mks)
 23. Highlight four possible effects of taxation in an economy. (4mks)
 24. Outline four factors that may limit the development of a developing country. (4mks)
 25. State four reasons why parastatals have generally performed poorly in Kenya. (4mks)

ACK DIOCESE OF NAMBALE

565/2

BUSINESS STUDIES

1. a) Explain **five** benefits that would accrue to Country as a result of delocalization. (10mks)
 b) Explain **five** features of a perfect competition market structure (10mks)
 2. a) The following transactions relating to Mawale by wholesalers for the month of December 1998.

1998

- Dec.** 1 Bought goods on credit from Weka Distributors sh.46,200, Micko sh15,600 and Limo shs38,360.
 3 Sold goods on credit to Lwanda Retailers shs.39,200, Motor Grocers sh.25,560 and Mawe shs.12,650.
 7 Returned goods to Micko sh4,200 and Limo shs6,140.
 11 Bought goods on credit from Tuktuk sh34,830.
 12 Goods returned by motor Grocers sh4,550 and Lwanda Retailers sh1,280.
 15 Sold goods on credit to Motor Grocers shs6,800, Marion traders shs12,800.
 18 Goods returned by Marion Traders shs2,060.
 22 Bought goods on credit from Fatuma shs22,100, Temo shs38,350.
 28 Credit sales to Ngula shs16,060, Oyunga shs12,960 and Mawe shs15,260.

- Enter the above transaction in the respective books of original entry (10mks)
 b) Discuss **five** factors that enhances efficient running of a warehouse. (10mks)
 3. a) Explain **five** negative effects of inflation to a country's economic development. (10mks)
 b) Highlight **five** importance of entrepreneurship to the economy of a country. (10mks)
 4. a) Explain **five** factors that can lead to unfavourable balance of payment. (10mks)
 b) Explain **five** factors to be considered when choosing a method of product promotion (10mks)
 5. a) Describe **five** procedure to be followed when taking an insurance policy. (10mks)
 b) Explain **five** limitations of containerization in transport sector. (10mks)
 6. a) Highlight **five** benefits that a country will enjoy as a result of indirect production(10mks)

- b) The following trial balance was extracted from the books of Mugoya Traders as at 30th June, 2014

Mugoya Traders
Trial balance
As at 30th June 2014

Details	Dr (shs)	Cr (shs)
Premises	1,500,000	
Debtors and creditors	20,000	30,000
Cash at bank	90,000	
Cash in hand	10,000	
Purchases and sales	140,000	320,000
Stock of good on 1 st July 2013	45,000	
Discounts	6,000	2,000
Salaries and wages	50,000	
Commissions		8,000
Power and lighting	12,000	
Returns	15,000	19,000
Carriage outwards	2,300	
Carriage inwards	5,400	
Capital		1,543,700
Furniture	27,000	
	1,922,700	1,922,700

Additional information

Stock of goods on 30th June, 2014 was worth sh22, 000.

Required: prepare trading, profit and loss account for the period ended 30th June, 2014.

(10mks)

21. (i) It ensures there is a steady supply of goods so they are available to consumers on a regular basis
 (ii) It facilitates the stability of prices to the consumers
 (iii) Consumers can meet unexpected demands due to existence for a warehouse
 (iv) Consumers can inspect the goods before they can buy them

LANG'ATA/KIBRA
565/1
BUSINESS STUDIES

DECEMBER - 2021

1. State **four** external factors that may positively influence the operations of a business (4mks)
 2. Outline **four** circumstances under which producers may prefer to sell goods directly to the consumers. (4mks)
 3. Name four ways through which consumers can be cheated in their dealings with traders (4mks)
 4. The following information relates to Tamu Traders for the year ended 31st Dec. 2011

Sh

Fixed Assets	5,000,000
Current Assets	650,000
Net profit	300,000
Current liabilities	650,000
Sales	2,000,000
Closing stock	100,000
Opening stock	200,000
Gross profit margin	20%

- Calculate;** (4mks)
 a) Current ratio
 b) Gross profit margin
 c) Rate of stock turn over
 d) Capital employed.

5. Outline **four** circumstances under which a credit note may be issued. (4mks)
 6. The equation given below relate to quantity demanded and the quantity supplied at equilibrium price.
 $Q_{de} = 4P + 50$
 $Q_{se} = 8P + 30$
 Determine the equilibrium price and quantity (4mks)
 7. Kendi started a shop dealing in ladies clothing but failed after two years. Outline four factors that many have caused this failure (4mks)
 8. Name the type of warehouse described below

Statement	Type of warehouse
a) Goods can be stored before payment of custom duties	
b) Individuals can hire storage facilities	
c) Goods are stored from several manufacturers	
d) Specialised goods are stored	

- (4mks).
 9. State **four** ways in which the nature of goods would influence the choice of transport (4mks)
 10. Outline any **four** circumstances under which human wants may be fully satisfied (4mks)
 11. Highlight **four** ways in which business studies is useful to a community (4mks)
 12. State the books of original entry in which the following documents are used. (4mks)
 a) Incoming invoice
 b) Incoming receipt
 c) Outgoing credit note
 d) Outgoing invoice.

13. State the type of ledger into which the following accounts would be found. (4mks)

Account	Relevant ledger
a) Capital
b) Mueni (debtor)
c) Kariuki (supplier)
d) Bank

14. Outline any **four** advantages of operating in an open office layout. (4mks)

15. George operates a petrol station in Nakuru. He insured his stock worth Ksh 2.4 million for ksh 2 million. Later in the year stock worth ksh 600,000 was destroyed by fire. Calculate the amount he was compensated and give a reason. (4mks)

16. State **four** characteristics of money (4mks)

17. Name the rewards for the following factors of production (4mks)

Factor of production	Reward
a) Employee	
b) Machine	
c) Minerals	
d) Farmer	

18. Outline **four** challenges that may be experienced by a country whose population is made up of a large proportion of young people (4mks)

19. Highlight any **four** characteristics of perfect competition type of market structure (4mks)

20. State the line of communication involved in each of the following. (4mks)

- The manager of ABC company Ltd talking to the manager of XYZ company Ltd
- A secretary asking for time off from her boss
- The production manager giving instructions to the secretary of the sales manager
- The store keeper giving explanations to the chief accountant

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

Transaction	Effect
a) Bought machinery on credit	
b) Withdrew cash from the bus for personal use	
c) Purchased stock in cash	
d) Paid outstanding loan by cheque	

22. Outline the assumptions that the circular flow of income in a closed economy work under (4mks)

23. The following balances were extracted from the books of Wanji traders for the year ended 30th June 2005. (4mks)

Sh	
Debtor	120,000
Creditor	60,000
Machinery	450,000
Cash in hand	70,000
Cash at bank	180,000
5 years bank loan	270,000
Stock	60,000

Prepare a balance sheet of Wanji traders as at 30th June 2005.

24. Outline **four** reasons for maintaining a cash book in a business enterprise. (4mks)

25. Highlight **four** factors that should be considered when choosing a method of promoting a product. (4mks)

LANG'ATA/KIBRA

565/2

BUSINESS STUDIES PAPER 2

DECEMBER 2021

1. a) Outline any five differences between private limited liability company and public limited liability company. (10mks)
- b) Describe five accounting documents used in home trade. (10mks)

2. a) The table below shows the demand and supply schedules for product A in a week.

Price(sh)	Quantity demanded ('000' tonnes)	Quantity supplied ('000' tonnes)
35	5	80
30	10	65
25	20	55
20	25	40
15	30	35
10	40	20
5	55	5

Use the information in the table above, draw the demand and supply curve showing the market equilibrium for the produce. (10mk)

- b) Explain five benefits that a firm may enjoy by preparing a business plan. (10mks)
3. a) Traders are required to observe ethical practices when carrying out product promotion. Explain five reasons for observing such ethical practices (10mks)
- b). Explain five benefits that may be realized by a country as a result of government policy to relocate Industries to rural areas. (10mks)
4. a) Outline any five factors to consider while locating a ware house. (10mks)

- b) On 1stSeptember 2015, Miriam had sh 55,000 in hand and sh. 250,000 in bank. During the month the following transactions took place.

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Sep 2: Cash sales in hand sh 15,200

Sep 3: Bought ribbons in cash sh 4,500

Sep 8: Paid Wangila, a creditor sh 94,000 by cheque in full settlement of his account after deduction 6% cash discount.

Sep 12: Received a cheque for sh 58,800 from Wetu after allowing her cash discount of sh 1,200

Sep 15: Paid salaries of sh 34,000 in cash

Sep 25: Withdrew sh 50,000 from bank for office use.

Sep 28: Anyango a debtor paid her account of sh 75,000 by cheque less 10% cash discount.

Sept 30: Deposited all the cash into the bank except sh 13,700

Prepare a three column cash book and balance it off. (10mks)

5. a) Explain any five uses of National Income Statistics (10mks)

b) The following trial balance related to Tai Traders as at 31st December 2014

**TAI TRADERS
TRIAL BALANCE
AS AT 31ST DECEMBER 2014**

Details	Dr (Ksh)	Cr(Ksh)
Stock	10,000	
Bank	3,500	
Purchases	15,000	
Sales		28,000
Returns	800	1,100
Rent		580
Insurance	950	
Creditor		450
Carriage in	1,200	
Discounts	300	1,620
	31,750	31,750

Additional information

- Closing stock was valued at Ksh 2,500
- Carriage out was Ksh 1,200

Required: Prepare trading profit and loss account. (10mks)

6. a) Explain any five reasons why one would prefer to transport goods on road than rail. (10mks)
 b) On 1st January 1993 Makena started a business with sh 120,000 cash and sh 300,000 in the bank.

The following transactions were done in the month of January 1993.

- January 3: Bought goods worth sh 60,000 by cheque
- January 10: Sold goods worth sh 35,000 cash
- January 14: Bought goods worth sh 90,000 cash from Odera
- January 18: Paid wages sh 18,000 by cash
- January 20: Withdrew sh 40,000 from bank for office use.

Required;
 Record the above transactions in the relevant ledger account, balance them off and extract a trial balance. (10mks)

-
-
-
-
-
2.
-
-
-
-

AMUKURA CATHOLIC PARISH JOINT EXAM

565/1

BUSINESS STUDIES

PAPER 1

1. State four advantages of a partitioned office layout to the office staff. (4mks)
2. For each of the farm resources given below, identify the appropriate factor reward (4mks)

RESOURCE	FACTOR REWARD
i) Farm yard
ii) Farm guards
iii) Farm owner
iv) Livestock

3. List the principle of insurance that was violated in each of the following instances given below (4mks)

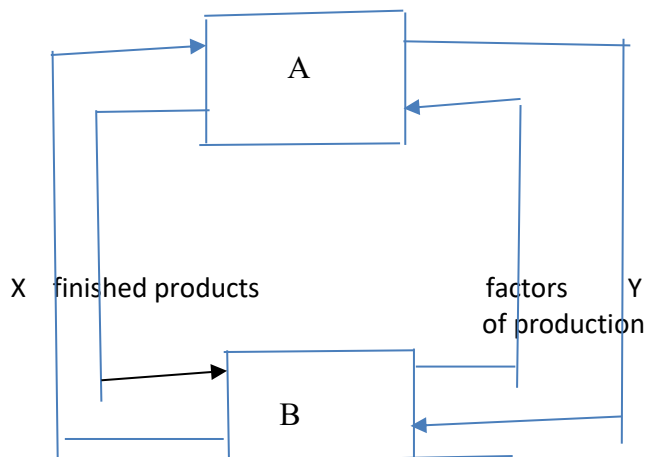
INSTANCE	PRINCIPLE
i. A car owner was paid ksh. 400,000 when his car worth ksh. 390,000 was stolen
i. Okado insured his neighbors retail shop against robbery
i. A school was compensated when its bus got burnt by rioting students yet it had been insured against a road accident
v. A hotel owner took away remains of items destroyed by fire being fully paid for the damages

4. Give four reasons why business firms participate in conserving the environment (4mks)
5. State four measures that a county government may take to improve the quality of its services to the residents of the county (4mks)
6. Outline four reasons that make human wants difficult to satisfy (4mks)
7. Give four types of small scale retail businesses that can be operated without shops (4mks)
8. The information below was extracted from the books of Khadudu Hardware's for the year 2019

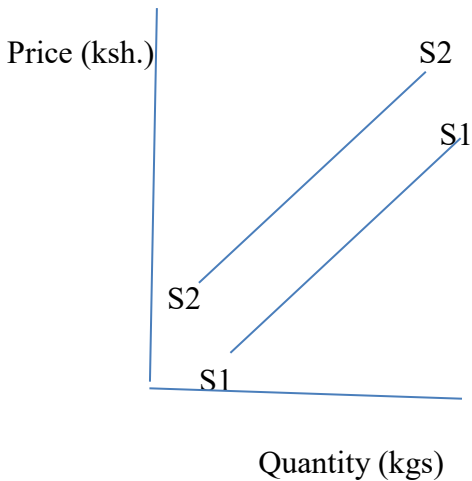
	Ksh.
Capital (31/12/2019)	980,000
Investment	300,000
Monthly drawings	10,000
Capital (01/01/2019)	600,000

Required; determine the net profit for the year (3mks)

9. The diagram below shows the circular flow of income in a two sector economy



- a. Name the economic agent marked A and B (2mks)
- b. Identify the expenditure represented by the arrows X and Y (2mks)
- 10. Highlight four advantages of a private warehouse to a manufacture (4mks)
- 11. Give four disadvantages of using mobile phones for communication in an organization (4mks)
- 12. Outline three differences between monopoly and oligopoly as product markets. (3mks)
- 13. State four measures that the Central Bank can take to reduce inflation in the country (4mks)
- 14. Give four reasons why governments impose taxes on incomes (4mks)
- 15. The diagram below shows a change in the supply of a farm products in a market



- Outline four circumstances under which the supply curve would shift from S₁S₁ to S₂S₂ (4mks)
- 16. For each of the business transactions given below name the ledger account to be debited and to be credited (4mks)

TRANSACTION	DB	CR
i. Proprietor took goods worth Ksh. 2000 for family use		
ii. Goods valued at Ksh. 4500 were sold on credit		
iii. A cheque of Ksh. 8000 was issued by the business in payment of rent		
iv. The business withdrew Ksh. 15,000 from the bank account for office use		

- 17. State FOUR disadvantages of pipeline transport (4mks)
- 18. The information below relates to Musoma Bookshop for the year ended 30.09.2020

Sales	Ksh. 1,500,000
Opening stock	Ksh. 250,000
Purchases	Ksh. 1,300,000
Mark up	25%

Determine:

- i) Gross profit (2mks)
- ii) Cost of sales (2mks)
- 19. Mrs. Obote sells a variety of fruits, vegetables and cereals in a market stall located in an urban market. Identify four methods that she may use to increase her volume of sales (4mks)

AMUKURA PARISH CASPA JOINT EXAMS

565/2-

BUSINESS STUDIES PAPER 2

1. a) Explain five factors to consider when choosing office equipment. (10marks)
- b) Explain the causes and remedies of the following types of unemployment. (10 marks)
- Seasonal unemployment
 - Structural unemployment
 - Disguised unemployment
 - Residual unemployment
 - Involuntary unemployment
2. a) Explain **five** importance of insurance to an economy. (10marks)
- b) On 1st march 2019, Ukwala traders had ksh 95,000 in hand and a bank overdraft of ksh 15,000. During the month, the following transactions took place.
- March 2: Bought goods for resale in cash ksh 68,000.
- March 3: Cash sales banked, ksh 22,000
- March 9: Paid Anyang' a creditor ksh, 12,880 by cheque in full settlement of his account after deducting 8% cash discount.
- March 11: Paid salaries ksh 14,000 in cash.
- March 16: Received a cheque of ksh 40,200 from Sakaya after allowing him a cash discount of ksh 1,800.
- March 20: Shamim, a debtor paid her account of ksh 55,000 by cheque less 10% cash discount.
- March 24: Withdraw 26,000 from bank for office use.
- March 27: Took ksh 9,000 cash to pay his brother's medical bill.
- March 28: Deposited all the cash into bank except ksh 14,400.

Required: prepare a three-column cashbook and balance it off. (10 marks)

3. a) Explain **five** features of oligopoly. (10 marks)
- b) Explain the difference between partnerships and cooperative societies forms of business units. (10 marks)
4. a) Explain **five** reasons for continued existence of small firms in an economy. (10marks)
- b) Outline **five** channels that can be appropriate for the distribution of exporting tea to France. (10marks)
5. a) Explain **five** reasons for government involvement in business. (10 marks)
- b) Explain **five** documents sent by the buyer to the seller in Home trade. (10marks)

6. a) Explain **four** unethical practices in product promotion. (8marks)
- b) The following trial balance relates to the business of OMASAJA Traders for the period ended 31st March 2019.

<u>OMASAJA TRADERS</u>		
<u>TRIAL BALANCE</u>		
<u>AS AT 31ST MARCH 2019</u>		
	Dr	Cr
	<u>Shs.</u>	<u>Shs.</u>
General expenses	120,000	
Rent expenses	46,000	
Telephone expenses	20,000	
Carriage inwards	28,000	
Salaries	360,000	
Sales		4,000,000
Purchases	2,400,000	
Discount received		36,000
Sales returns	40,000	
Motor vehicle	500,000	
Debtors	300,000	
Stock (1 st April 2018)	200,000	
Land and buildings	2,000,000	
Cash at bank	120,000	
Cash in hand	12,000	
Capital		1,850,000
Drawings	80,000	
Creditors		240,000
	<u>6,226,000</u>	<u>6,226,000</u>

Additional information

Stock as at 31st March 2019 was valued at ksh. 100,000

Prepare:

- i) A Trading profit and loss (7marks)
- ii) A Balance sheet (5marks)

**MURANG'A SOUTH
BUSINESS STUDIES 565/1
NOVEMBER / DECEMBER 2021**

1. Outline four ways in which business studies may be of benefit to an individual. (4mks)
2. State four elements of the economic environment that may influence the operations of a business. (4mks)
3. Kamwenje a sole proprietor who operates a private school bought blankets for SH. 100,000. The terms of sale were 20% trade and 5% cash discount if payment was made within two weeks. Calculate the net amount he paid after one week. (4mks)
4. Highlight four reasons why the government trains business people. (4mks)
5. The conditions given below are for a monopoly firm or a firm operating in the perfect competition. Write the correct market structure against each of the conditions in the spaces provided.

Condition	Market structure
a) Market structure determines price for the product	
b) There is free entry and exit	
c) Product involved is homogenous	
d) Market structure regulates the supply of the product	

6. Outline four elements of transport. (4mks)
7. State whether each of the following transactions will increase, decrease or have no effect on the balance sheet totals. (4mks)

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	Transaction	Effect
a)	The owner deposited additional cash into the business from his private sources.	
b)	Paid a bank loan	
c)	Sold an old machine and bank the money in the business account.	
d)	Bought office machines on credit.	

8. Outline four tools of monetary policy that the government may use to reduce excess money in circulation. (4mks)
9. State four factors that may lead to unfavorable terms of trade. (4mks)
10. Highlight four characteristics of basic human wants. (4mks)
11. Outline four differences between shares and debentures. (4mks)
12. The government has risen the retirement age for civil servants from 55 years to 60 years. Highlight four economic effects of such a move. (4mks)

13. State the meaning of the following entries in the following ledger accounts. (4mks)

DR	CAPITAL A/C	CR
	2021 June 15 Bank	Sh. 500,000

DR	BANK A/C	CR
2021	SH.	2021
JUNE 15	CAPITAL 500,000	JUNE 16
		MOTOR VEHICLE 250,000

DR	MOTOR VEHICLE A/C	CR
2021	SH	
JUNE 16	BANK 250,000	

14. Highlight four reasons why there is need for a business to observe ethics. (4mks)
15. State four characteristics of a good filing system. (4mks)
16. Indicate in the spaces provided whether the following taxes are either direct taxes or indirect taxes. (4mks)

Tax	Types of tax
a) Corporation tax	
b) Capital gain tax	access free learning material by visiting www.freekcsepastpapers.com
c) Value added tax	
d) Income tax	

17. The following figures relate to Jumbo traders for the year ended 31.12.20.

Details	Sh.
Capital (31.12.20)	940,000
Net loss	20,000
Additional investment	420,000
Monthly drawing	5,000

Determine the capital as at 01/01/20. (4mks)

18. Identify the source documents into which the information given in the table below would be recorded. (4mks)

Information	Source documents
a) Payments received from debtors	
b) Purchases made on credit	
c) Validating payments made by the cashier.	
d) Requesting for additional payments from debtor.	

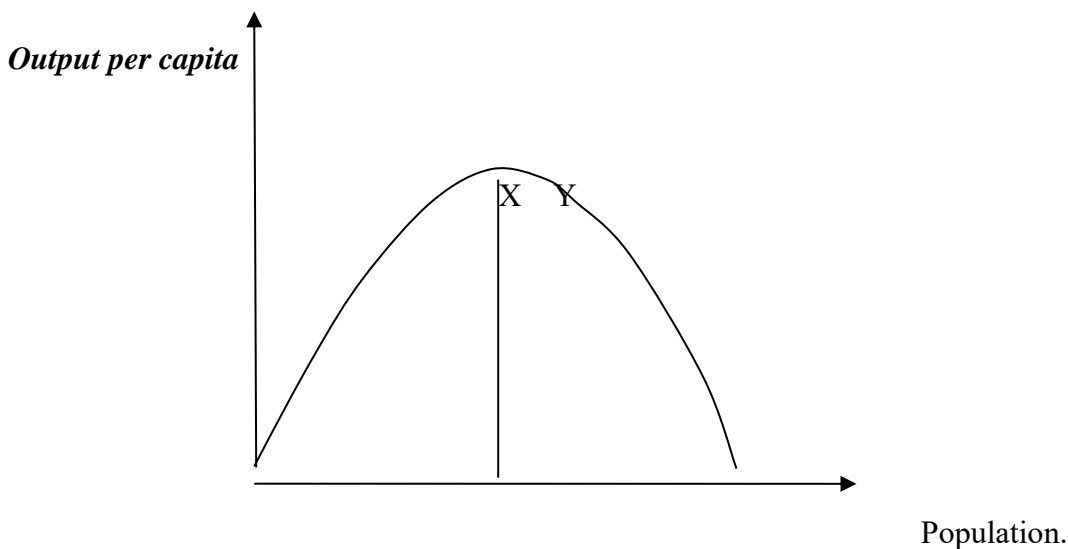
19. State four types of expenditure that are included in measuring national income using expenditure approach. (4mks)
20. Christine provided the following information for the month of January 2021.
- | | |
|---------------------|------------|
| | Sh. |
| Stock as at 1/1/21 | 20,000 |
| Stock as at 31/1/21 | 30,000 |
| Purchases | 50,000 |
| Margin | 20% |
- Prepare her trading account for the period ended 31st January 2021. (4mks)
21. State four reasons for cost push inflation. (4mks)
22. State the line of communication involved in each of the following. (4mks)
- a) The manager of EFG company Ltd talking to the manager of XYZ company Ltd. -----
 - b) A secretary asking for time off from her boss -----
 - c) The production manager giving instructions to the secretary of the sales manager -----
 - d) The store keeper giving explanations to the chief accountant -----
23. State four elements of the economic environment that may influence the operations of a business. (4mks)
24. Highlight four benefits that accrues to a trader who advertises goods using a radio. (4mks)
25. Achieng owned a motor vehicle valued at Sh. 1,000,000. She comprehensively insured the car at Sh. 300,000. The motor vehicle was involved in an accident and declared a write off. Calculate the amount Achieng should get from the insurer. (4mks)

MURANG'A SOUTH
565/2

BUSINESS STUDIES PAPER 2

DECEMBER - 2021 access free learning material by visiting www.freekcsepastpapers.com

1. (a) Office etiquette are acceptable code of behavior in an office. Explain five office etiquette that an Office staff should possess. (10 marks)
 - (b) Explain five factors that have limited the practice of barter trade in Kenya. (10 marks)
2. (a) The diagram below shows the population and output per capita of China.



Explain five advantages China would get if her total population is found in the part marked Y.

- (10 marks)
- (b) Explain five sources of government revenue. (10 marks)

3. (a) On 1st September 2020, Ali Traders started a business with ksh 15,000 cash at hand and a bank overdraft of ksh 40,000. During the month the following transactions took place:
- Sept 4: Kaboga a debtor settled his account of ksh 10,000 by cheque of ksh 8,000.
 - 7: Deposited ksh 4,000 into the business bank account from the cash till.
 - 8: Paid rent by cash ksh 4,000.
 - 14: Cash sales ksh 14,000.
 - 17: Purchased furniture worth ksh 3,000 paying by cheque.
 - 18: Settled Kofi's account with ksh 10,000 after being allowed a discount of 5%.
 - 20: Received ksh 6,000 cash from Njeri a debtor.
 - 22: Kambu a debtor settled his account of ksh 4,000 by cheque, having been allowed 20% discount.
 - 25: Deposited ksh 17,000 into bank from private sources.
 - 30: Banked the available cash except ksh 1,000.

Required:

- Prepare a duly balanced three column cash book. (10 marks)
- (b) Explain five challenges facing containerization as a means of transporting goods. (10 marks)
- 4. (a) Using a well-illustrated diagram explain the effects of increase in supply of a commodity while its demand remains constant. (10 marks)
- (b) Explain five circumstances that companies may find it necessary to re-insure. (10 marks)
- 5. (a) The following balance sheet was prepared by the accounts clerk of Old Mogo Traders.

Old Mogo Traders
Balance Sheet
As at 31st December 2019

Fixed Assets:	SH	SH	Capital	SH	SH
Land and buildings	300,000		Capital	422,930	
Furniture and Fittings	51,500		Add Net Profit	<u>220,500</u>	
Machinery	140,000		Less Drawings	<u>175,000</u>	
Motor Vehicle	<u>190,000</u>				468,430
		681,500	Long-term liabilities:		
Current Assets:			Bank Loan		400,000
Stock	124,500		Current Liabilities:		
Debtors	103,650		Creditors		99,720
Cash at bank	54,850				
Cash in hand	<u>3,650</u>				
		<u>286,650</u>			
		<u>968,150</u>			<u>968,150</u>

Use the above Balance sheet to calculate the following:

- i) Working Capital. (2 marks)
- ii) Return on Capital. (2 marks)
- iii) Current Ratio. (2 marks)
- iv) Capital Employed. (2 marks)
- v) Borrowed Capital. (2 marks)
- (b) Explain five advantages of using a cheque as a means of payment. (10 marks)
- 6. (a) Explain five benefits that Kenya as a country may achieve by adopting 2030 millennium development goals. (10 marks)
- (b) Explain five reasons why a public limited company may be dissolved. (10 marks)

**BUURI STANDARDS ASSESSMENT
BUSINESS STUDIES
565/1**

1. **State the disciplines** described by the following statements (4mks)
- | Description | Discipline |
|---|-------------------|
| (i) Study of trade and aids to trade | |
| (ii) Study of the process of identifying a business opportunity and acquiring resources to start and run a business | |
| (iii) Study of how man strives to satisfy his unlimited wants using limited resources | |
| (iv) Study of activities carried out in an office | |

2. **Highlight four circumstances** under which horizontal communication may be used in an organization (4mks)

3. **Outline four limitations** of barter trade (4mks)

4. **Outline four factors** that may make a producer to by-pass the wholesaler when distributing goods (4mks)

5. **Mention four features** of economic resources (4mks)

6. **State four differences between property insurance and life assurance** (4mks)

7. The table below represents the supply schedule for cabbages for seven weeks in the month of January and February 2020

Week	1	2	3	4	5	6	7
Quantity (Tonnes)	809	785	730	575	540	490	415

Outline four causes of the trend in the table (4mks)

8. **Outline four characteristics** of lending institutions by visiting www.freekcsepastpapers.com (4mks)

9. **Mention the type of office machines** described below

Description	Type of machine
(i) For making shorthand dictations and recording information on tapes
(ii) For printing postage impression on envelopes
(iii) For trimming documents into required shapes and sizes
(iv) For destroying unwanted documents to avoid such documents from landing into unauthorized hands

10. **Outline four circumstances** under which the government may be involved in business (4mks)

11. **State four basic features** of a market (4mks)

12. The following transactions relating to Doshi enterprises took place during the month of August 2004

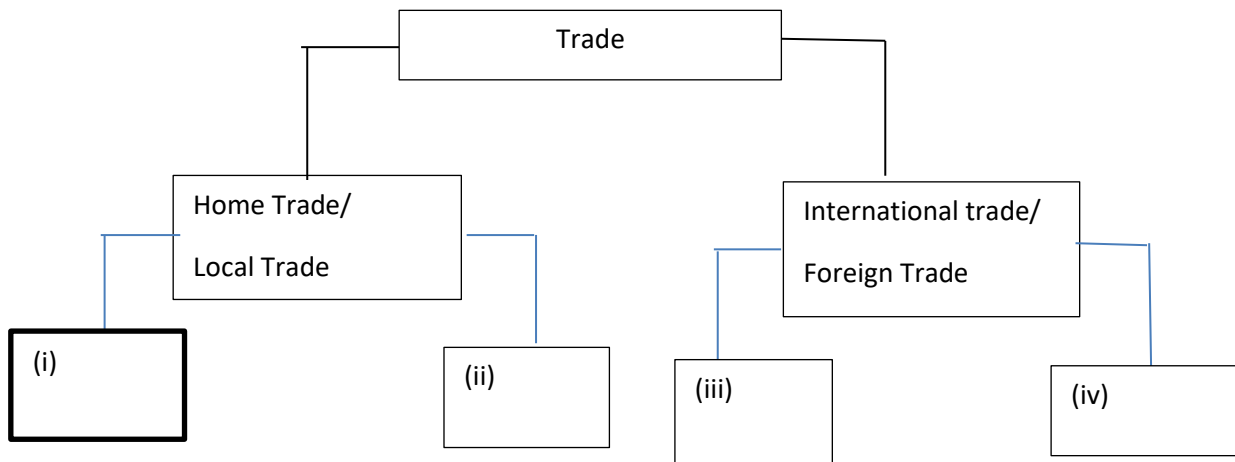
1/8/2004 Started a business with Shs. 20,000 in bank

2/8/2004 Purchased goods worth sh. 4500 on credit from Rahisi Traders

Enter the above transactions in the relevant ledger accounts (4mks)

13. **List down four sources** of government revenue for development (4mks)

14. Fill the relevant branches of trade in the diagram given below



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

<u>Transaction</u>	<u>Effect</u>
i) Bought machinery on credit
ii) Withdrew cash from the business for own use
iii) Purchased stock in cash
iv) Paid outstanding loan by cheque

16. Give four reasons why traders engage in intensive product promotion despite the high cost involved

17. The following table shows prices of items purchased by the household in the year 2000 and 2013
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Commodity	Price in 2000 (base year (Sh)	Weight (W)	Price for current year 2013 Ksh	Weight (w)
Sugar	50	3	120	3
Unga	40	4	100	4
Loaves	29	2	45	2

Determine the weighted consumer price index (4mks)

18. Below are some entries in the cashbook of Romano Traders for the month of July 2010

Romano Traders
Double column cash book

Date	Details	Lf	Cash	Bank	Date	Details	Lf	Cash	Bank
2010					2010				
1/7	Balance	b/d	15,000		1/7	Balance	b/d		100,000
6/7	Cash			20,000	6/7	Bank		20,000	
8/7	Sales			15,000	15/7	Wages		5,000	
28/7	Debtor		20,000		29/7	Purchases			10,000
					31/7	Balance	c/d	10,000	

State the meaning of the following entries

- i) July 1, 2010 Balance b/d, bank column Shs. 100,000
- ii) July 6, 2010 Cash Shs. 20,000 and bank shs. 20,000
- iii) July 28, 2010 Debtors Shs, 20,000
- iv) July 31,2010 Balance c/d Shs. 10,000

19. **Highlight four** disadvantages of ageing population (4mks)
20. **Outline four positive effects** that production activities may have on community health (4mks)
21. **List four benefits** that may be enjoyed by Kenyans as a results of government initiative to expand road and railway network in the country (4mks)
22. **Suggest four ways** in which a good business structure can enhance performance (4mks)
23. **Outline four methods** that the government can use to increase supply of goods in the market (4mks)
24. Fill in the missing figures in the table below (4mks)

Fixed Assets (shs)	Current Assets (shs)	Capital (shs)	Liabilities (shs)
(i) 987,000	113,000	840,000
(ii) 150,000	249,000	31,000
(iii) 600,000	354,000	724,000
(iv) 700,000	500,000	240,000

25. The following are some types of warehouse; bonded, private, specialized and public. Match each warehouse with the appropriate description provided in the table below

Description	Warehouse
(i) Designed for storage of particular products	
(ii) Used solely for storing goods belonging to the owner	
(iii) Can be rented to other people who wish to store their goods temporarily	
(iv) Stores goods whose import duty has not been paid.	

**BUURI STANDARDS ASSESSMENT
BUSINESS STUDIES**

565/2 access free learning material by visiting www.freekcsepastpapers.com

1. (a) **Explain five benefits** that a firm may enjoy by preparing a business plan. (10mks)
 (b) **Explain five uses** of National Income statistics to a country (10mks)
2. (a) Prices of commodities have been on the increase in the country. **Explain five measures** that the government can use to control this. (10mks)
 (b) Unemployment is a problem in any economy in the world. **Explain five measures** that the government may take to reduce this problem. (10mks)
3. (a) **Explain five essentials** needed for a proper functioning warehouse (10mks)
 (b) Record the following information of Luanda traders in a three column cashbook and balance it off on 31.01.2019.
 Jan 1 Bal b/d cash 180,000 Dr
 Bank 67,000 Cr
 During the month of January, the following transactions took place
 Jan 2 Cash sales sh. 145,000
 6 Mwangi a debtor settled his account of Sh. 450,000 by cheque less 5% cash discount
 14 Paid Salaries in cash sh. 50,000
 18 Settled Labosho's account of Sh. 60,000 by cheque less 3% cash discount
 21 Received a cheque of Sh. 84,600 from Rotich after deducting 10% cash discounts
 24 Cash sales paid direct into bank sh. 34,000
 28 Mwangi's Cheque received on January 6th was dishonoured
 31 Banked all cash except Sh. 36,000

4. (a) The following trial balance was extracted from the books of Miadi traders on 31.12.2001

Miadi Traders		
Trial balance as at 31.12.2001		
	Shs	Shs
Gross Profit		380,000
Closing stock	274,000	
Capital		259,000
Drawings	83,000	
Creditors		66,000
Premises	103,000	
Rent received		5,000
Debtors	120,000	
Cash at Bank	30,000	
1 year Bank loan		50,000
General expenses	54,000	
Bank Overdraft		27,000
Commission Received		15,000
Wages and Salaries	132,000	
Cash in hand	<u>6,000</u>	
	<u>802,000</u>	<u>802,000</u>

Required:

- (a) Prepare a profit and loss account for the year ended 31/12/2001
- (b) Prepare a balance sheet as at 31/12/2001 (12mks)
- (b) Kenya is in the process of developing a S.G.R (Standard Gauge Railway from Mombasa to Malaba. **Explain five benefits** that a trader in Malaba will enjoy from this modern railway line (10mks)
5. (a) **Explain five benefits** that may be realized by a country as a result of government policy to relocate industries in rural areas (10mks)
- (b) **Outline five differences** between a partnership form of business and a public limited company. (10mks)
6. (a) **Explain five measures** that a country can take to increase its volume of exports (10mks)
- (b) **Explain five advantages** that accrue to a firm that adopts division and specialization of labour (10mks)

KANGUNDO CLUSTER

565/1

BUSINESS STUDIES PAPER 1

DECEMBER 2021

1. Give **Four** circumstances under which partnership may be dissolved. (4mks)
2. In the table below, classify the accounts given as personal, nominal, real, private. (4mks)

Account	Account type
a)Furniture	
b)Ochieng (a debtor)	
c) Salaries	
d) Rent income	

3. Outline **Four** factors that may make it necessary for insurance company to reinsure. 4mks)
4. Give **Four** non-tax sources of revenue to the government (4mks)
5. State **Four** Objectives of product promotion (4mks)
6. State **Four** fiscal measures that a government may use to control inflation (4mks)
7. Kenya has a few oligopoly firms. Highlight four sources of oligopoly powers to these firms. (4mks)
8. Outline **Four** circumstances under which downward communication may be beneficial in an organization. (4mks)
9. Highlight **Four** circumstances under which face to face communication would be preferred to written communication. (4mks)
10. Give **Four** benefits of operating a small scale retail business over a large scale retail business (4mks)
11. Highlight **Four** disadvantages of concentrating many firms in Nairobi town. (4mks)
12. State **Four** things that a retail trader would consider before giving credit to his customers. (4mks)
13. State the relevant books of original entry into which information extracted from the source documents given below would be recorded (4mks)

Source Documents	Books of Original Entry
a)Incoming invoice	
b)Outgoing credit notes	
c)Outgoing cash sale slip	
d) Incoming debit note.	

14. Cellophones are common medium of communication today. Give **four** disadvantages of this medium of communication. (4mks)
15. Highlight **Four** ways through which a country can restrict her trade with other countries (4mks)
16. Identify **four** ways through which manufactures protect the consumers against exploitation (4mks)
17. Outline **four** factors that influence the amount of money held by an individual for precautionary motive. (4mks)
18. Highlight **four** advantages of a private ware house. (4mks)
19. Kazi Moto insured a motor vehicle against fire with Moto Moto co. by paying Ksh. 300,000. Later the car was destroyed at a garage and compensation Ksh. 4,000 was paid. Using insurance terms, state what each of the following stand for. (4mks)
 - a) Kazi Moto
 - b) Fire
 - c) Ksh 300 000
 - d) Moto Moto Company
20. Highlight **Four** ways in which capital of a business may change. (4mks)
21. Highlight four indicators of economic growth that may be observed as a country progresses. (4mks)
22. State **four** essential services provided by the county government to the public. (4mks)

23. The following balances were extracted from the books of Ukambani traders on 31st December, 2006.

	Shs.
Cash in hand	17,000
Bank	(70,000) cr
Machinery	200,000
Premises	260,000
Rent Due	13,000
Stock in – trade	49,000

During the year, the business suffered a net loss of sh. 30,000. Prepare Ukambani Trader’s balance sheet as at 31st December, 2006. (4mks)

24. Identify **four** entrepreneurial characteristics required in order to succeed in a small – scale business. (4mks)
25. Highlight four reasons for business licensing in Kenya. (4mks)

KANGUNDO CLUSTER

565/2

BUSINESS STUDIES

PAPER 2

- 1 a. Explain **Five** factors that may lead to the success of a business enterprise. (10mks)
 b. Uganda and Tanzania are developing countries in Africa. Discuss **five** problems of using national income statistics to compare the living standards of their citizens. (10mks)
- 2 a. Discuss **Five** ways of improving the efficiency of a warehouse. (10mks)
 b. Explain **Five** problems that a country may encounter by being involved in international trade. (10mks)
- 3 a. On 1st May 2016, Amolo Traders had cash in hand sh. 7,800 and bank overdraft of sh. 23,400. During the month the following transactions took place.
- 2016
- | | |
|---------|--|
| May 3 | Cash sales directly paid into the bank sh. 6,500 |
| May 6 | Cash sales sh. 50, 000 |
| May 9 | Received a cheque from Aketch of sh. 76, 500 in full settlement of a debt having been allowed a cash discount of sh. 1,500 |
| May 11 | Paid Kisumu traders account of sh. 15,000 in full settlement receiving a cash discount of 4 % |
| Mary 14 | Paid insurance premium sh. 16,000 in cash |
| May 16 | Bought goods for resale sh. 15,000 paying by cheque |
| May 20 | Withdrew sh. 18,000 for office use |
| May 25 | Received a cheque from Waswa for his account of sh. 25,000 allowing him a cash discount of 5% |
| May 30 | banked all cash leaving a balance of sh. 3000 in the cash till. |

Required: Prepare a 3 column cash book duly balanced (10mks)

- b. Highlight **five** challenges faced by a developing country striving to achieve her development goals (10mks)
- 4 a. The Kenyan community has great disparity in income distribution. Explain **Five** causes of this disparity. (10mks)

b. The following trial balance was extracted from the books of Nyakabi dealers as at 31. 12. 2006

	DR	CR
Sales / purchase	420,000	980,000
Discounts	40,000	36,000
Returns	25,000	32,000
Building	800,000	
Cash		90,000
Bank		320,000
Salaries	140,000	
Debtors / creditors	256,000	168,000
Loan		340,000
Insurance	86,000	
Rent		40,000

Additional information

- i) Stock at end of period was shs. 54, 000
- ii) Salaries accrued end of year was shs. 26,000
- iii) Prepaid insurance by Dec. 31. 2006 was shs. 10,000

Required

- i. Trading profit and loss account
- ii. Balance sheet

- 5 a. Explain **five** differences between commercial banks and non- bank financial institutions (10mks)
- b. Explain **five** principles that need to be observed when preparing a good tax system. (10mks)
- 6 a. Momanyi Enterprises have decided to construct their own warehouse. Explain **Five** benefits they are likely to derive (10mks)
- b. Explain **five** importance of filing documents in an organisation. (10mks)

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3

SAMIA JOINT EXAMINATION
565/1
BUSINESS STUDIES
PAPER1
DECEMBER - 2021

1. Mr. Odhiambo has started a Kiosk in Nambale Town. Outline **FOUR** functions that he will perform as the owner of the business. (4mks)
2. Indicate the type of journal in which each of the following transactions could be recorded. (4mks)

NO.	TRANSACTION	TYPE OF JOURNAL
a)	Bought a computer on credit	
b)	Returned goods previously bought on credits	
c)	Sold goods on credit	
d)	Bought shares in a company	

3. Taaka a retailer had a capital balance of sh. 320,000 as at 30th June, 2008. During the year ended 30th June 2009, the business made a net profit of sh.80, 000. Mokaya the proprietor made drawings of 4,000 each month for his personal use. Compute the business capital as at 30th June2009. (4mks)
4. Give **FOUR** differences between a public limited company and private limited company. (4mks)
5. State **FOUR** reasons why iterant traders are becoming increasing popular in Kenya. (4mks)
6. Given below is a cash book extracted from the books of accounts of Patel Enterprises. (4mks)

2009			sh	sh	sh	2009					
1/12	Balance			1500	90,000	14/12	Bank	C	30,000		
	b/d										
2/12	Rono	access free learning material by visiting www.freekcsenestpapers.com	2000	38,000		20/12	Equipment				80,000
14/12	Cash	C			30,000	30/12	Drawings		7,000		

In relation to the entries appearing in the cash book extract, state the transaction that took place on each of the following dates. (4mks)

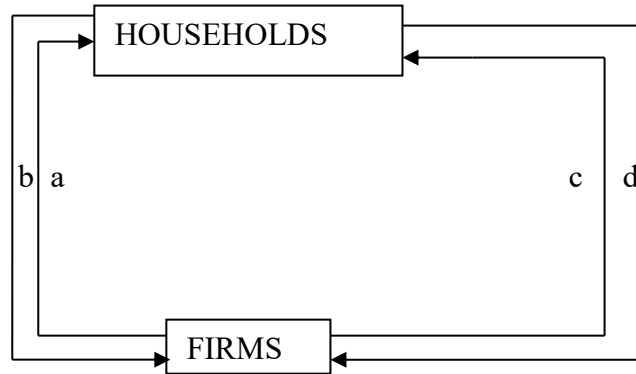
- a) 2nd December 2009.....
 - b) 14th December 2009.....
 - c) 20th December 2009.....
 - d) 30th December 2009.....
7. State **FOUR** reasons for increase in popularity of micro-finance institutions. (4mks)
 8. A successful manufacturing firm has been constantly releasing toxic waste into a nearby river. Outline **FOUR** measures that consumers can take to stop the firm from such malpractices. (4mks)
 9. Highlight **FOUR** disadvantages of using machines in an office. (4mks)
 10. State **FOUR** factors that a person would consider when hiring a warehouse. (4mks)
 11. State **FOUR** ways f determining the prices of commodities in the market. (4mks)
 12. State whether each of the following transactions will increase, decrease or have no effect on balance sheet totals. (4mks)

NO.	TRANSACTION	EFFECT
a)	Paid a creditor in cash	
b)	Bought a motor van on credit	
c)	A debtor paid by cheque	
d)	Owner	

13. Outline **FOUR** classifications of goods and services produced in an economy. (4mks)
14. Highlight **four** benefits that accrue to a country that has a very high population. (4mks)

BUSINESS STUDIES PAPER 1 & 2

15. Give **FOUR** fiscal measures that a government may use to control inflation. (4mks)
16. Give **FOUR** situations when oral communication may be used in an office. (4mks)
17. State **FOUR** uses of a business plan. (4mks)
18. Outline **FOUR** circumstances under which a manufacture would prefer to sell his products directly to consumers instead of selling through intermediaries. (4mks)
19. Highlight **FOUR** principles which guide the government in its expenditure. (4mks)
20. Highlight **FOUR** factors that hinder expansion of railway transport in Kenya. (4mks)
21. Give **FOUR** roles of ethical practices in Business. (4mks)
22. Two following diagrams represent the circular flow of income between firms and household in an economy. Identify the flows labeled A, B, C and D and list them in the space provided. (4mks)



23. Mention **FOUR** circumstances under which an insurance company may re-insure. (4mks)
24. The following information relates to Kizito traders for the year ended 31st December 2009.

Gross Profit	140,000
Salaries	20,000
Electricity charges	8,000
Discount allowed	6,000
Discount received	26,000

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- Prepare a profit and loss account for Kizito Traders for the year ended 31st December 2009. (4mks)
25. State **FOUR** features of indirect production. (4mks)

SAMIA SUB – COUNTY JOINT EXAMINATIONS

565/2

BUSINESS STUDIES PAPER 2

DECEMBER – 2021

1. (a) Outline **five** advantages that a partnership has over a sole proprietorship. (10mks)
- (b) Explain how **five** external environment factors negatively affect a business. (10mks)
2. (a) Highlight **five** disadvantages of direct tax. (10mks)
- (b) Kenya does not manufacture mobile phones. Describe **five** channels of distribution that are used to ensure those products reach the Kenyan consumers. (10mks)
3. (a) Discuss any **Five** current trends in communication (10mks)
- (b) The following balances were extracted from the books of accounts of Fatuma as at 31st December 2020. (10mks)

Sales	100,000
Sales returns	5,000
Purchase returns	2,000
Purchases	190,000
Carriage outwards	2,400
Stock (1/1/2019)	22,000
Rent	8,000
Insurance	6,000
Salaries	3,600
Discount received	2,800

Additional information

As at 31st December 2009, stock was valued at shs. 42,000

Required

Prepare trading, profit and loss a/c for the year ended 31st December 2020 (10mks)

4. (a) Explain any **Five** international trade restriction methods. (10mks)
 - (b) With the help of a well labeled diagram, state the effect of the shift of the supply curve to the left when demand is held constant. (10mks)
 5. (a) Highlight **Five** factors that influence the level of national income in an economy. (10mks)
 - (b) As at 1st June 2019, the books of Ang’eeh showed the following balances: (10mks)
- Cash Kshs. 20,000 and bank overdraft amounting to Kshs. 8, 600
- June 3: Nafula, a debtor, settled her account of Kshs. 16,000 by a cheque of kshs.15,000.
- 6: Paid rent by cash ksh. 8,000
- 10: Deposited kshs. 6,000 into the business bank account from the cash till.
- 15: Settled Wanjala’s Account of shs. 20,000 and was allowed a discount of 1%
- 18: Deposited kshs. 28,000 in the bank from private resources
- 21: Cash sales kshs. 10,000
- 24: Ojugu, a debtor settled his account of 8,000 by cheque having deducted a 20% discount.
- 26: Purchased furniture of kshs.5,000 paying by cheque
- 28: Received kshs. 36,000 cash from Nabwire
- 29: The cheque deposited by Nafula on 3rd was dishonored
- 30: Banked all the available cash except kshs.1,600

Required: Prepare a duly balanced three column cash book for Ang’eeh for the month of June 2019.

(10mks)

6. (a) Explain the meaning and the circumstances under which each of the following means of payment may be used ; (10mks)
- (i) Cash
- (ii) Credit transfer
- (iii) Bank draft
- (iv) Standing order
- (v) Postage stamps
- (b) Give five differences between small scale firms and large scale firms (10mks)

**SUKELLEMO JOINT EVALUATION TEST 565/1
BUSINESS STUDIES
PAPER 1**

ANSWER ALL QUESTIONS

1. Outline **four** importance of Business Studies in a society. (4mks)
2. State four factors that determine the period for which documents should be stored (4mks)
3. Highlight **four** reasons why a cheque may be dishonored (4mks)
4. People hold money for various reasons. Identify the motive for holding money in each of the following cases. (4mks)
 - (a) To meet medical expenses _____
 - (b) To pay for daily milk from their supplier _____
 - (c) To meet daily transport expenses _____
 - (d) To counteract future decreases in price _____
5. Outline **four** circumstances under which a credit note may be issued. (4mks)
6. You have been charged with a duty of preparing an article of Association for your company; state **four** items that you will include in your article of Association (4mks)
7. Describe **four** characteristics of debentures (4mks)
8. Outline **four** factors that may account for predominant direct production in a country (4mks)
9. State **four** ways in which a commercial attaches promotes trade. (4mks)
10. List **four** essential elements of a transport system (4mks)
11. Outline **four** ways of controlling demand pull inflation. (4mks)
12. List **four** mailing services that facilitate communication. (4 mks)
13. State any **four** uses of insurance funds. (4mks)
14. Give **four** reasons why protectionism policy in foreign trade may fail (4mks)
15. State **four** gaps that can be filled in the market through a business opportunity. (4mks)
16. Highlight **three** differences between a movement along a demand curve and a shift in a demand curve. (3 mks)
17. State **four** strategies ~~access free learning material by visiting www.freeksapapers.com~~ Economies of scale (4mks)
18. State **four** sources of oligopoly power. (4mks)
19. State **four** ways in which households contributes to national income of a country. (4mks)
20. The following information shows the financial position of Mwalimu Traders as at 1st May, 2021.

Capital	130,000
Cash in hand	40,000
Rent owing	12,000
Furniture	110,000
Debtors	20,000
Stock	60,000
Trade creditors	38,000
Bank overdraft	50,000

Required: Prepare the trial balance for the business. (5mks)

21. State **four** errors that cannot be revealed by a trail balance. (4mks)
23. List down **four** transactions that are likely to be recorded in the general journal. (4mks)
24. Classify the following taxes as either direct or indirect. (4mks)
 - Corporation tax-----
 - Value added tax -----
 - Income tax -----
 - Customs duty -----
25. State **four** reasons why a member country should remain a member of Economic Union.

SUKELLEMO JOINT EXAMINATION TEST 2021

565/2

BUSINESS STUDIES -- PAPER 2

DECEMBER – 2021

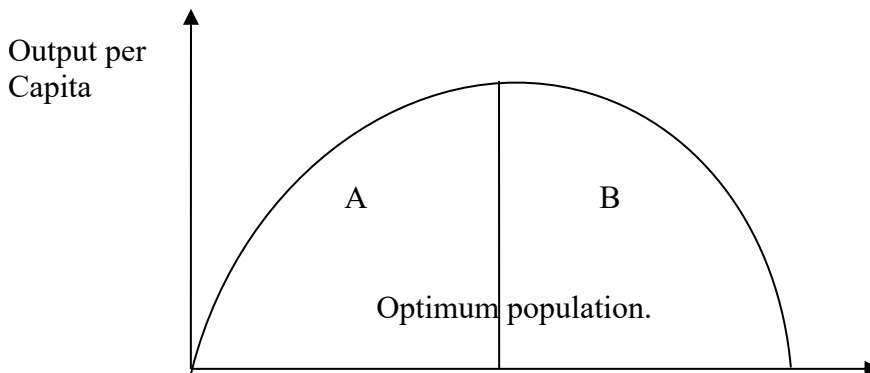
1. (a) Despite their poor performance, the government is still interested in operating public corporations in the country. Explain five reasons for this. (10 marks).
- (b) Explain five benefits realized by a country as result of government policy of relocating industries in different parts of the country. (10 marks).

2. (a) Highlight five benefits of business to society. (10 marks)
- (b) The following relates to Riss Retailers.

Sales	1, 155, 000
Purchases	930,000
Stock 1/1/2020	430,000
Carriage outwards	25,000
Carriage inwards	10,000
Returns outwards	20,000
Returns inwards	30,000
General expenses	100,000
Insurance	25,000
Stock 31/12/2020	470,000

Calculate:

- i) Turnover. (1 mark)
 - ii) Rate of stock turnover. (3marks)
 - iii) Mark up (2 marks)
 - iv) Margin (2 marks)
 - v) Net profit. [access free learning material by visiting www.freekcsepastpapers.com](http://www.freekcsepastpapers.com) (2 marks)
3. (a) The figure below represents the population output per-capita of a certain country. Explain five benefits to the country if her total population is found at the part marked B. (10 marks)



- (b) Explain five services that wholesalers may offer to retailers. (10 marks)

4. (a) Explain five differences between assurance and insurance. (10 marks)
 (b) The following transactions relate to Furaha Traders for the month of July 2021.

- July 1: Had the following balances cash in hand 180,000 and bank overdraft 57,500.
 2: Sold goods worth 21,800 to Patel by cash.
 5: A debtor settled his account of 90,000 by cheque less 2.5% cash discount. .
 6: Paid salaries 40,000 in cash.
 12: Took cash 3,500 to settle a personal debt.
 23: Received a cheque of 8460 from Ngao wholesalers after deducting 10% cash discount.
 24: Deposited 10,000 in the business bank account from his private sources.
 26: Cash sales directly banked 38,000.
 27: The cheque received on 5th from a debtor was dishonoured. The bank charged him 2500.
 29: Settled creditors account 6000 by cheque less 3% cash discount.
 31: Used all cash available to acquire furniture except 40,000.

Required:

Prepare duly balanced three column cash book for the month of July, 2021. (10 marks)

5. (a) Explain five clauses that must be specified in the Memorandum of Association of a public limited company. (10 marks)
 (b) The following table shows the quantity of tomatoes supplied between the month of July and October 2020 in a certain market.

Month	July	August	September	October
Quantity supplied (in tonnes)	2.34	4.18	4.22	6.01

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Explain what may have caused the above trend. (10 marks)

6. (a) Explain five challenges a business organization may experience by not preparing a business plan. (10 marks)
 (b) Most African countries are experiencing slow economic development despite reporting higher economic growth. Explain five possible causes for this trend apart from corruption. (10 marks)

(4mks)

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IGAMBANGOMBE SUBCOUNTY MOCKS EXAMS - 2021

565/1

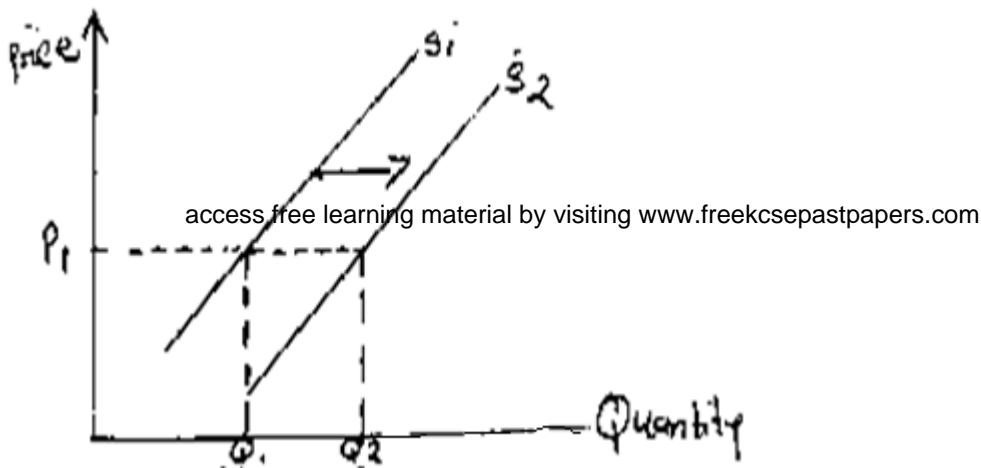
BUSINESS STUDIES

PAPER 1

1. List four external environmental factors that may influence the operation of a business positively. (4marks)
2. Give four reasons why direct production is undesirable in a Country. (4marks)
3. State the characteristics of human wants that match the description given below. (4marks)

	Description	Characteristics
a)	Satisfaction of one want automatically leads to creation of another.	
b)	Some human wants are experienced by all human beings.	
c)	Human wants can never be fully satisfied.	
d)	After some wants are satisfied they recur.	

4. Highlight four reasons why the Kenyan government encourages entrepreneurship in the Country. (4mks)
5. Highlight four government involvements in business activities. (4marks)
6. The diagram below shows a change in supply curve of a product.



Outline four factors which may have caused such a change.

7. Identify the source documents used to record the following transactions in the books of original entry. (4marks)

	Transactions	
a)	Credit purchases	
b)	Sales returns	
c)	Cash sales	
d)	Cash purchases	

8. State four benefits of using computers in an office. (4marks)
9. Give four reasons for the popularity of Mpesa as a means of payment in Kenya. (4marks)
10. The following information was obtained from the books of Sinda Limited on 31st December, 2015.

Capital	24,000
Stock	1,500
Debtors	2,000
Machinery	20,000
Cash	4,000

- Determine the total liabilities of the business. (3marks)
11. Highlight four circumstances under which a trader would prefer to transport goods by air. (4marks)
12. Outline four reasons that may make Kenya restricts trade with her trading partners. (4marks)
- Highlight four characteristics of oligopoly market structure. (4marks)

13. For each of the statements below, state the appropriate term as used in insurance. (4marks)

	Statement	Term
a)	Specified amount of money paid at regular intervals by the insured to the insurer for coverage against losses	
b)	People employed by an insurance company to compute expected losses and values of premiums	
c)	Amount of money refundable to insured by the insurer in case the former terminates contract before it matures.	
d)	Loss incurred by a business as a result of disruption of business in the event of insured risk occurring	

14. The following information was extracted from the books of Kambo Traders on 10th April, 2018.

Land & building	150,000
Creditors	1,500
Motor cars	120,000
Cash	25,500
Capital	311,000
Bank	4,000
Sales	5,000
Purchases	18,000

Required: Prepare a trial balance. www.freekcsepastpapers.com (5marks)

15. Outline four channels that may be used when distributing imported goods. (4 marks)
16. Highlight four services that commercial banks offer to their customers. (4marks)
17. The following information relate to Kahawa Traders as 31st December, 2012.

Stock 1.1.12	Ksh. 80,000
Stock 31.1.12	Ksh. 120,000
Purchase	Ksh. 1,000,000
Margin	20%

Required: Prepare trading account. (5marks)

18. Outline four roles played by the Nairobi securities exchange in the Kenyan economy. (4marks)
19. Listed below is a set of transactions. In each case state whether the transaction will increase, decrease or have no effect on capital. (3 marks)

	Transactions	Effect
a)	Additional cash invested by the owner.	
b)	Receiving cash from a debtor	
c)	Losses incurred by a business	

20. State four benefits of advertising to a consumer. (4 marks)
21. State four sources of government revenue. (4 marks)
22. Give four merits of a bonded warehouse to the government. (4 marks)
23. Highlight four circumstances under which a firm may be located near the source of raw materials. (4 marks)

24. State the type of unemployment relating to each of the following descriptions. (4marks)
- Caused by alternating trading patterns occurring at similar times.
 - Arises where workers have more skills and higher qualifications than the job requirements.
 - Arises out of a mis match between the skills possessed by potential employees and the location of the jobs available.
 - Arises when people are unwilling to take up jobs due to low pay.

IGAMBANGOMBE SUBCOUNTY MOCKS EXAMS - 2021

565/2

BUSINESS STUDIES

PAPER 2

- Discuss five features of economic resources. (10 marks)
 - Explain five uses of national income statistics. (10 marks)
- Explain five elements of communication. (10 marks)
 - Explain five ways of correcting balance of payment deficit. (10 marks)
- Explain five circumstances under which personal selling may be most appropriate. (10 marks)
 - The following trial balance was prepared from the books of Murang'a traders as at 31st December, 2018.

**Murang'a Traders
Trial Balance
As at 31st December, 2018**

Details	Debit	Credit
Sales		900,000
Purchases	500,000	
Returns	60,000	30,000
Carriage inwards	30,000	
Carriage outwards	3,000	
Stock (Jan 2018)	100,000	
Rent	12,000	60,000
Van	300,000	
Bank	60,000	
Creditors		50,000
Debtors	100,000	
Interests	18,000	
General expenses	7,000	
Capital		178000
Total	1,190,000	1,190,000

Stock on 31st December, 2018 was valued at 130,000.

Required:

Prepare a trading profit and loss account for the year ended 31st December, 2018. (10 marks)

- Explain five importance of filing documents in an organization. (10 marks)
 - Explain five challenges that may be faced by a producer who sells goods directly to the consumers. (10 marks)
- Explain five differences that may be faced by a producer who sells goods directly to the consumers. (10 marks)

KASSU JET EXAMINATIONS

565/1

BUSINESS STUDIES

PAPER 1

1. Situma insured his house worth sh. 800,000 for sh. 700,000 and unfortunately the house was destroyed by an inferno and he sustained losses worth sh. 600,000. Calculate the amount of money that Situma should claim from the insurance company as compensation and comment. **(4 marks)**
2. Outline **four** importance of a Bonded warehouse to the government. **(4 marks)**
3. Outline **four** reasons why Business Studies should be offered as a discipline in secondary schools. **(4 marks)**
4. State **four** sources of monopoly power. **(4 marks)**
5. The following information relates of Jabez Enterprises for the year ended 31.12.2014.

	Shs.
Capital 31/12/2014	248,000
Net loss for the year	61,000
Capital as at 1/1/2014	89,000
Drawings for the year	57,000

Required:

- Calculate the additional capital during the year. **(4 marks)**
6. Indicate the effects of the following transactions below on the value of the business assets, liabilities and capital. Use (+) for increase, (–) for decrease and (NC) for no effect. **(4 marks)**

	Transaction	Effect of transaction		
		Assets	Liabilities	Capital
(a)	Opened a Bank A/C and deposited cash			
(b)	Proprietor invested cash into the business			
(c)	Owner received a cheque from a debtor			
(d)	Took a Bank loan to pay creditors			

7. Okhiana a metal supplier carries out a Business in Mombasa County. Outline **four** methods that they can adopt to fix the prices of all their products. **(4 marks)**
8. Explain the following documents used in international trade. **(4 marks)**
 - (a) Foreign Exchange Allocation License (F.E.A.L)
 - (b) Letter of credit
 - (c) Certificate of origin
 - (d) Bill of lading
9. State four benefits associated with the construction of the Standard Gauge Railway (SGR) to the Kenyan economy **(4 marks)**
10. By use of a well labeled diagram, illustrate the kinked demand curve in an Oligopolistic market situation **(4 marks)**
11. Navakholo enterprises had the following ledger account balances as at 31st December, 2020.

	shs.
Purchases	3,880
Sales	3,350
Purchases returns	150
Sales returns	160
Debtors	2,550
Bank overdraft	3,100
Wages	800
Cash	960
Capital	1,750

Required: Prepare Navakholo enterprises' Trial Balance as at 31st December, 2020..

(4 marks)

12. Given the following books of original entry, identify the source documents used for each **(4 marks)**

Book of original entry	Source document
(a) Purchases journal	
(b) Cash book	
(c) Sales return book	
(d) Sales journal	

13. Give four non - tax sources of revenue to the government. **(4 marks)**

14. State four characteristics of good money. **(4 marks)**

15. State four characteristics of labour as a factor of production **(4 marks)**

16. Define the following terms **(4 marks)**

- a. Scarcity
- b. Choice
- c. Scale of preference
- d. Opportunity cost

17. Highlight four circumstances under which personal selling is appropriate **(4 marks)**

18. Outline **four** personal attributes of an office staff. **(4 marks)**

19. Highlight **four** benefits of using mobile money transfer services as a means of payment. (4mks)

20. State **four** barriers to effective communication in an organizational meeting. **(4 marks)**

21. Outline four measures that consumers may adopt to protect themselves from unscrupulous business practices. **(4 marks)**

22. State **four** ways in which businesses may maintain a healthy business environment. **(4 marks)**

23. State four channels that M-Zuri a flower firm in Nakuru may use to sell her products to customers in the U. S.A. **(4 marks)**

24. The following information was extracted from the books of Kaptagat traders for the year ended 31/12/2020

	Shs
Sales	4,800,000
Opening stock	800,000
Closing stock	1,200,000

Gross profit margin is calculated at 25%

Required: Prepare a trading account for the period end 31/12/2020.

(4 marks)

25. The table below shows the price of petrol per litre for various years.

Year	Pump price
2017	98
2018	102
2019	112
2020	120
2021	127

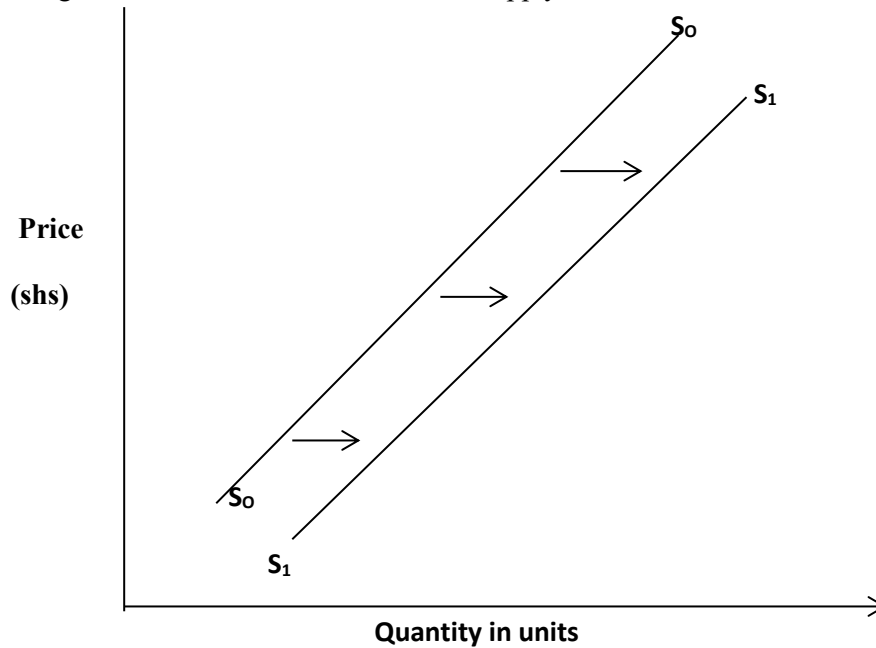
Calculate the consumer price index using year 2017 as the base year.

(4 marks)

Year	Price	CPI
2017	86	100
2018	92	106.97
2019	108	125.58
2020	120	139.53
2021	127	147.67

KASSU JET EXAMINATIONS
565/2
BUSINESS STUDIES
Paper 2

1. (a). Outline **five** factors that may lead to growth of entrepreneurship in Kenya. (10mks)
- (b). The diagram below illustrates a shift of the supply curve.



- Explain **five** factors that may bring about the above shift in supply from S_0 to S_1 . (10mks)
2. (a). Outline **five** differences between partnership and co – operative forms of business units. (10mks)
 - (b). Explain **five** benefits that Kenya may enjoy as a member of East African community. (10mks)
 3. (a). Explain **five** benefits of pooling of risks to an insurer. (10mks)
 - (b). The information below relates to Navakholo Traders. Prepare a duly balanced three column cash book . (10mks)

2020

February 1: balance b/d cash sh 40,000 and a bank overdraft of sh. 270,000
 February 3: settled Beta creditors account of 80,000 by cheque, having deducted 6% cash discount.
 February 7: received sh. 60,000 cash from Zoom traders.
 February 15: deposited sh. 45,000 to the bank
 February 20: withdraw sh. 92,000 from the bank for private use.
 February 24: received sh. 199,500 from Delta by cheque after allowing 5% cash discount.
 February 28: banked all the cash leaving only 15,000 in the office.

4. (a) Explain **five** measures that may be taken by the Government to solve unemployment problems. (10mks)
- (b). Explain **five** factors that hinder economic development of Kenya despite the government's spending on the planning exercise. (10mks)
5. (a). Explain **five** uses of national income statistics (10mks)
- (b). Explain **five** roles that the central bank of Kenya plays as a government's bank. (10mks)

6. (a) Outline **five** features of hypermarkets. (10mks)
 (b) The following information relates to HZ enterprises for the year ended 31/12/2021

Hz enterprises Trial balance As at 31/12/2021		
Items	Dr(sh)	Cr(sh)
Premises	4,000,000	
Furniture	1,500,000	
Capital		4,900,000
Net profit		50,000
Stock	100,000	
Debtors	200,000	
Drawings	60,000	
Bank loan		1,900,000
Bank	970,000	
Cash	360,000	
Creditors		340,000
	<u>7,190,000</u>	<u>7,190,000</u>

- Required:**
- a). Hz enterprises balance sheet as at 31/12/2021 (4mks)
 - b). Calculate
 - i). Capital invested (1mk)
 - ii). Borrowed capital (1mk)
 - iii). Capital employed (2mks)
 - iv). Working capital (2mks)