## INSTRUCTIONS:

- Answer ALL the questions in the spaces provided

<table>
<thead>
<tr>
<th>Question</th>
<th>1</th>
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<thead>
<tr>
<th>Question</th>
<th>15</th>
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<tbody>
<tr>
<td>Marks</td>
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</tbody>
</table>

**GRAND TOTAL**
1. Outline four basic qualities of an office worker. (4 marks)
   (a)
   (b)
   (c)
   (d)

2. Identify the human want characteristic depicted in each of the following statements.
<table>
<thead>
<tr>
<th>Human want</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Some human wants satisfied may require to be satisfied again</td>
<td></td>
</tr>
<tr>
<td>(b) The satisfaction of one want may create a need to satisfy a second want or more wants</td>
<td></td>
</tr>
<tr>
<td>(c) Most human wants are common to everybody</td>
<td></td>
</tr>
<tr>
<td>(d) One cannot have full satisfaction of any given want</td>
<td></td>
</tr>
</tbody>
</table>

3. Highlight four reasons why a small scale business may succeed despite the competition it faces from large firms. (4 marks)
   (a)
   (b)
   (c)
   (d)

4. Identify the source documents that can be used in recording each of the following transactions. (4 marks)
<table>
<thead>
<tr>
<th>Transaction</th>
<th>Source of document</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) To correct an under charge in an invoice</td>
<td></td>
</tr>
<tr>
<td>(b) To pay casual workers in an organisation</td>
<td></td>
</tr>
<tr>
<td>(c) To show that a credit transaction has taken place.</td>
<td></td>
</tr>
<tr>
<td>(d) To show that a cash transaction has taken place</td>
<td></td>
</tr>
</tbody>
</table>

5. State four ways in which the government can create an enabling business environment. (4 marks)
   (a)
   (b)
   (c)
   (d)
6. Highlight four services offered by wholesalers to retailers. (4 marks)
   (a)  
   (b)  
   (c)  
   (d)  

7. The following information relates to Kabete Traders for the year ended 30th June 2012.
   Sales Ksh. 300,000
   Opening stock Ksh. 50,000
   Purchases Ksh. 260,000
   Profit margin Ksh. 20%
   Prepare a trading account for the year ended 30th June, 2012. (4 marks)

8. Outline four circumstances under which a sole proprietorship form of business may be formed. (4 marks)
   (a)  
   (b)  
   (c)  
   (d)  

9. Highlight four causes of demand pull inflation in an economy. (4 marks)
   (a)  
   (b)  
   (c)  
   (d)  

10. Highlight four factors that give rise to monopoly in a market situation. (4 marks)
    (a)  
    (b)  
    (c)  
    (d)  

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11. A wholesaler sold 20 bags of maize at ksh. 1200 each to a retailer. The retailer was allowed a trade discount of 10% and cash discount of 3%. If payment was made within one month. Calculate the total amount of money the retailer paid if the payment was made within a week. (4 marks)

12. Outline four roles of the stock exchange as a market for securities. (4 marks)
   (a) _______________________________________________________________________
   (b) _______________________________________________________________________
   (c) _______________________________________________________________________
   (d) _______________________________________________________________________ 

13. Listed below are transactions of a retailer in Kikuyu town. For each of the following, identify the appropriate journal in which it should be recorded. (4 marks)

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Type of Journal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Sold goods on credit to Nyambura</td>
<td>________________________________</td>
</tr>
<tr>
<td>(b) Goods sold earlier to Jokim were returned</td>
<td>________________________________</td>
</tr>
<tr>
<td>back due to defects</td>
<td>________________________________</td>
</tr>
<tr>
<td>(c) Received a credit note from mash wholesalers.</td>
<td>______________________________</td>
</tr>
<tr>
<td>(d) Bought goods from Zawaria on credit</td>
<td>________________________________</td>
</tr>
</tbody>
</table>

14. List four elements of transport. (4 marks)
   (a) _______________________________________________________________________
   (b) _______________________________________________________________________
   (c) _______________________________________________________________________
   (d) _______________________________________________________________________
15. On 25th March 2013, Musa Traders had cash and Bank balances of shs. 5000 and shs. 23,000 respectively. During the week ended 30th March the following transactions took place.

March 26th: Torotich a debtor paid shs. 7,500 by cheque
27th: Withdrew shs. 3,000 from bank for cash till.
28th: Paid Kilonzo, a creditor shs. 1,500 in cash.

Prepare the cash book of Musa Traders duly balanced as at 29th March 2013.

16. Outline four features of under development. (4 marks)

(a) _______________________________________________________________________
(b) _______________________________________________________________________
(c) _______________________________________________________________________
(d) _______________________________________________________________________

17. Outline four factors that influence choice of an appropriate means of communication. (4 marks)

(a) _______________________________________________________________________
(b) _______________________________________________________________________
(c) _______________________________________________________________________
(d) _______________________________________________________________________

18. State four characteristics of a fixed deposit accounts. (4 marks)

(a) _______________________________________________________________________
(b) _______________________________________________________________________
(c) _______________________________________________________________________
(d) _______________________________________________________________________
19. Outline four reasons why it is advisable to take an endowment policy instead of a whole life policy. (4 marks)
   (a) ____________________________________________
   (b) ____________________________________________
   (c) ____________________________________________
   (d) ____________________________________________

20. Muhuni company limited has decided to send out a sales force to market its products. State four circumstances that would have promoted this move. (4 marks)
   (a) ____________________________________________
   (b) ____________________________________________
   (c) ____________________________________________
   (d) ____________________________________________

21. Distinguish between a movement along and shift of the demand curve. (4 marks)

<table>
<thead>
<tr>
<th>Movement along a demand curve</th>
<th>Shift of a demand curve</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) ___________________________</td>
<td>________________________</td>
</tr>
<tr>
<td>b) ___________________________</td>
<td>________________________</td>
</tr>
<tr>
<td>c) ___________________________</td>
<td>________________________</td>
</tr>
<tr>
<td>d) ___________________________</td>
<td>________________________</td>
</tr>
</tbody>
</table>

22. State four reasons why indirect production is gaining popularity. (4 marks)
   (a) ____________________________________________
   (b) ____________________________________________
   (c) ____________________________________________
   (d) ____________________________________________

23. Highlight four reasons why it may be necessary for Kenya to control her imports. (4 marks)
   (a) ____________________________________________
   (b) ____________________________________________
   (c) ____________________________________________
   (d) ____________________________________________

24. Outline four benefits of an expanding population to an economy. (4 marks)
   (a) ____________________________________________
   (b) ____________________________________________
   (c) ____________________________________________
   (d) ____________________________________________

25. State four principles of government expenditure. (4 marks)
   (a) ____________________________________________
   (b) ____________________________________________
   (c) ____________________________________________
   (d) ____________________________________________