

BUSINESS STUDIES

- Highlight four social responsibilities of a business to its costumers (4mks)
outline four roles played by the government in creating of an enabling business environment
- Give four measures that may be taken by the government to reduce income inequalities in a country (4mks)
- List four principles of a good tax system (4mks)
- List four stages involved in staffing as a function of management (4mks)
- Give four essential elements of a transport system (4mks)
- The supply schedule for Mr. Okutoyi is shown below

Price (Ksh)	quantity
2	40
5	200

- Calculate the price elasticity of supply (2mks)
 - Interpret the meaning of this elasticity of supply (1mk)
- Highlight four causes of demand pull inflation in an economy (4mks)
 - List four disadvantages of buying goods on hire purchase terms over credit purchase (4mks)
 - Outline four conditions which favour the use of personal selling as a strategy of product promotion (4mks)
 - Highlight four barriers associated with written communication (4mks)
 - The balance sheet of King Kong Enterprises as at 31st May, 2004 is given below

King Kong Enterprises
Balance sheet
as at 1st may 2004

ASSETS	KSH	LIABILITIES	KSH
Equipment	19,000	Capital	71,000
Delivery van	120,000	loan	120,000
Stock	36,000	creditors	19,000
Debtors	22,000		
Cash in hand	13,000		
	<u>210,000</u>		<u>210,000</u>

The following transactions took place in the business.

- May 2, paid creditors by cheque Sh. 9000
 May 3, debtors paid Sh. 18000 by cheque and Sh. 2000 in cash
 May 4, the proprietor deposited Sh. 50,000 into the business bank account from a cash prize won in a competition
 May 5, bought equipment Sh. 6000 and paid by cheque
 May 6, paid a creditor Sh. 7500 by cheque

Required

Prepare the balance of the business as at 7th may 2004 (5mks)

12. The following information was obtained from Jakaila traders for the year ending 31st Dec, 2004

	Sh
Debtors balance on 1 st Jan 2004	24,000
Debtors balance on 31 st Dec 2004	72,000
Discount allowed	18,000
Return inwards	5600
Cash received from debtors	298,000
Debtors dishonoured cheque	18,000
Discounts disallowed	500

Required

Determine the value of credit sales for the period ending 31st Dec 2004 (4mks)

13. Enter the following transactions in the ledger accounts of Onyango Traders for the month of May 2004. (4mks)

- May 1: Started business with Sh. 150,000 cash
 2: Bought goods on credit from Kamau for Sh. 40,000
 4: Sold goods for cash Sh. 34,500
 5: Returned some of the goods purchased from Kamau for Ksh. 4,500

14. Record the following transaction in the cashbook of Ole Polos traders for the month of January 2005 and balance it off.

- 1st Jan: Cash in hand Sh. 10,000, cash at bank Sh. 20,000
 10th Jan: Paid by cheque Kamau Sh. 8,800 and Mogaka Sh. 11,000 after deducting 12% cash discount in each case

30th Jan: Banked all the cash leaving Sh. 1200 in the cash till (5mks)

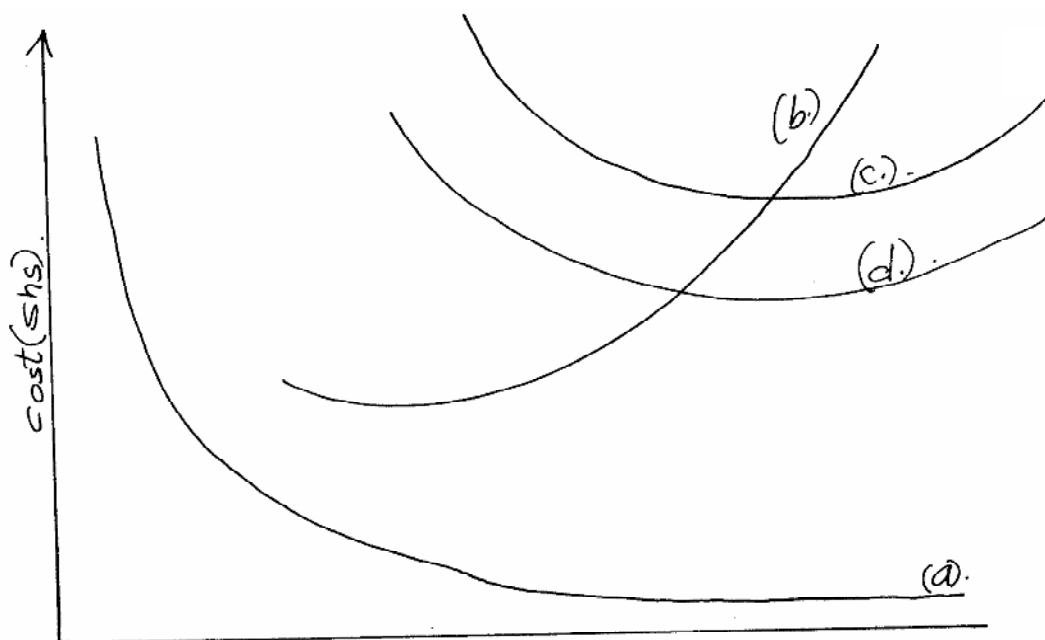
15. Majengo wholesalers operates with the following ledgers. Sales ledger, cashbook, nominal ledger, and general ledger. State the ledger in which the following accounts would be found. (4mks)

Account	Ledger
Sales	
Purchases	
Debtors	
Creditors	
Capital	
Salaries	
Commission received	
Bank	

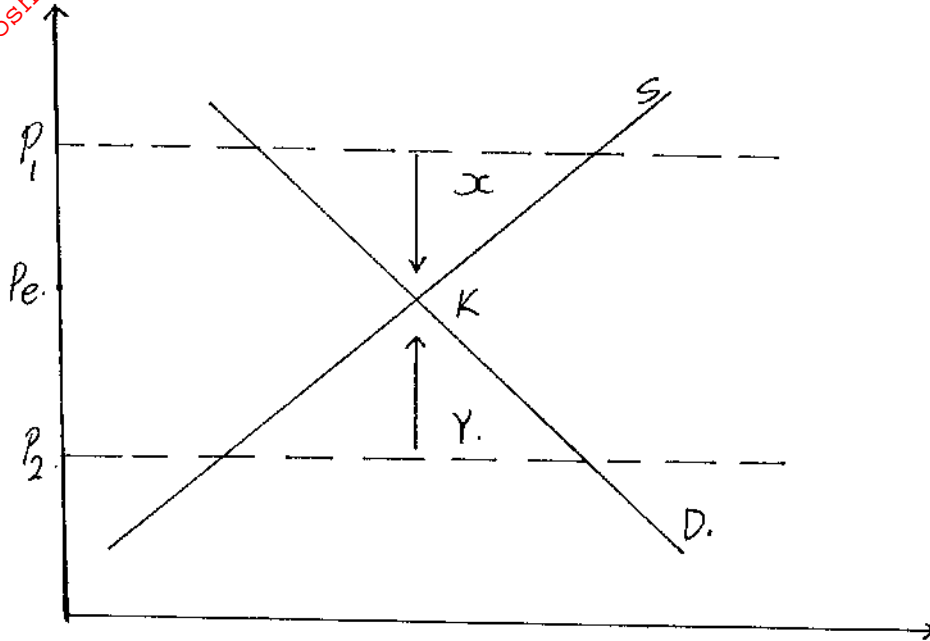
16. Complete the following table by indicating the account to be debited and one to be credited (4mks)

Transaction	Account DR	Account CR
i) Bought a delivery van on credit from general motor Ltd		
ii) Yialie, a proprietor converted private furniture into a business asset		
iii) Withdrew cash from bank for business use		
iv) Sold furniture and payment received by cheque		

17. The graph below represents cost curves between various cost curves in a firm



- Name the cost curve labeled (4mks)
18. State the role of business community in environmental and community health management (4mks)
19. List four errors that will not affect the agreement of the trial balance (4mks)
20. Outline four benefits of a bonded warehouse to the government (4mks)
21. Outline four ways in which a trading account is important to a business (4mks)
22. Outline three ways in which the international bank for reconciliation and development (World Bank) promotes international trade (3mks)
23. Highlight four negative implications of a rapid population growth in developing countries (4mks)
24. The diagram below shows movement of price towards equilibrium. Study it and answer the questions below.



Identify the region marked

- (a) x
- (b) y
- (c) (ii) Name the point marked K (3mks)