

BUSINESS STUDIES

1. a) Explain **FIVE** benefits a person gets as a result of taking a whole life policy with an insurance company. 10mks *Tso*
- b) A commodity X has an abnormal demand curve and a normal supply curve. With an aid of a diagram explain the effects on the equilibrium quantity and price caused by an increase in supply. 10mks *Tso*
2. a) Explain **FOUR** circumstances when a manufacturer would prefer promoting sales of his products using personal selling method. 8mks *Tso*
- b) Maendeleo Traders have the following information in their books of account on 31st December 2002.

	Kshs.
Stock (01/01/2002)	6,000
Sales	100,000
Return-in	2,000
Return-out	2,800
Carriage-in	1,000
Carriage-out	1,500
Purchases	88,000
Stock (31/12/2002)	4,000
Commission earned	3,500
Discount allowed	2,200
Sunday expenses	4,000
Discount received	4,400
Postage	800
Stationery	1,200

REQUIRED

- (i) Prepare a trading profit and loss account for Maendeleo Traders 10mks
- (ii) Calculate - Mark -up 1mk *Tso*
- (ii) - ROSTO 1mk *Tso*
3. a) Explain **FIVE** differences between public corporations and co-operative societies 10mks *Tso*
- b) Explain **FIVE** sources of monopoly. 10mks *Tso*
4. a) Explain **FIVE** factors that can contribute to the expansion of firms in a given industry. 10mks *Tso*
- b) Highlight **FIVE** principles of taxation. 10mks *Tso*
5. a) Below are the national income estimates of country Q during the year 2004.

	Value in Kshs. 000,000
EXPORTS	- 125,000
Consumption expenditure	- 312,000
Investment	- 150,000
Government spending	- 208,000
Imports	- 105,000
Depreciation	- 5,000
Net indirect taxes	- 25,000

Given that the country has a population of 30 million people,

- i) Calculate the GNP per capita of the country. 4mks *Tso*
- ii) Outline **FOUR** limitations of using GNP per capita in measuring the standards of living in a country. 8mks *Tso*
- b) Explain **FOUR** services offered by wholesalers to producers. 8mks *Tso*
6. a) Discuss **FIVE** functions of the central Bank. 10mks *Tso*
- b) Highlight **FIVE** factors that have contributed to the continued popularity of postal service in Kenya. 10mks *Tso*

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