

BUSINESS STUDIES

1. Write down four circumstances under which a country may be classified as underdeveloped. 4mks*TRZ*
2. State four benefits that a country may get by being a member of the International Monetary Fund (IMF). 4mks*TRZ*
3. List four disadvantages of an ageing population for a country. 4mks*TRZ*
4. State four measures that could be taken to control cost Push inflation. 4mks*TRZ*
5. Outline four uses of national income statistics in a country. 4mks*TRZ*
6. The following are types of advertising:
 Product advertising
 Competitive advertising
 Informative advertising
 Institutional advertising
 In the table, match each type with its appropriate description. 4mks*TRZ*
- (a) Creates awareness about a product
 (b) Promotes the name of the manufacturer
 (c) Persuades the consumers to buy a product
 (d) Promotes a particular brand of a product
7. State four reasons why few Kenyans take out life assurance policies: 4mks*TRZ*
8. The following description relate to some documents used in home trade. In the spaces provided, write the name of each document described. 4mks*TRZ*
- (a) A document seeking information on the availability of products and their prices.
 (b) A document showing products and quantity required.
 (c) A document describing items for sale and their prices.
 (d) A document sent to a specific buyer, detailing the availability of products and their prices.
9. Write down four advantages of an open office. 4mks*TRZ*
10. Name the department where the following functions are carried out. 4mks*TRZ*

FUNCTION**DEPARTMENT**

- a) To maintain supply records
 b)
 c) To enhance relationship among employees.
 d) To control the use of machines, materials and labour
 e) To maintain good relationships between the customers and the organization.

11. The following information relates to the businesses of Burundi Baridi Mjuaji and Falaa.

Business(sh)	Assets(sh)	Capital(sh)	Liabilities(sh)
Baridi	500,000	300,000	A
Mjuaji	B	1,200,000	800,000
Mawe	300,000	C	120,000
Falaa	700,000	500,000	D

Determine the value of: (4mks) *TRZ*

- A
 B
 C
 D

12. Listed below is a set of transactions. In each case, state whether the transaction will increase, decrease or have no effect on capital. 4mks*TRZ*

TRANSACTION	EFFECT
a) Additional cash invested by the owner	
b) Receiving cash from a debtor.	

c) Losses incurred by a business	
d) Owner takes some stock for own use	
e) Sale of old business furniture at a profit	
f) purchase of stock on credit.	

13. The table below shows four types of ledger accounts for a business. In the spaces provided, indicate by a tick, whether each of the accounts should have a debit or credit balance.

4mks*TRZ*

TYPES OF ACCOUNT	DEBIT	CREDIT
a) Expense		
b) Income		
c) Asset		
d) Liabilities		

14. Record the following transactions in the cash book of Mutonga Traders for the month of January 2004 and balance it.

5mks*TRZ*

Jan1: Cash in hand sh. 10,000, cash at bank 20,000

Jan10: Paid Lucy sh. 8, 800 and Tarus sh. 11,000 after deducting 12% cash discount in each case.

Jan 30: Banked all the cash leaving sh. 1,200 in the cashbook.

15. For each of the following transactions, indicate in the spaces provided, the book of original entry in which the transaction would be recorded.

4mks*TRZ*

Transaction

Book of origin entry:

- a) Bought office furniture on credit.
- b) Withdrew cash for personal use
- c) Sold goods on credit
- d) Returned goods bought for sale on credit

16. Outline four barriers to written communication.

4mks*TRZ*

17. Outline four ways in which the government creates enabling environment for business.

4mks*TRZ*

18. State four advantages of operating a public limited company.

4mks*TRZ*

19. State four reasons why governments levy taxes.

4mks*TRZ*

20. For each of the following cases, name the motive for holding money.

4mks*TRZ*

SALE	MOTIVE
a) To meet daily transport expenses	
b) To meet any unforeseen circumstances	
c) To take advantage of anticipated fall in prices	
d) To pay for daily good requirements.	

21. The information given below was extracted from the business of Moto Traders, for the year ended 31st Dec. 2000

shs.

Creditors as at 1 st Jan 2000	40,000
Creditors as at 31 st Dec 2000	30,000
Cash paid to creditors during the year	200,000
Cash purchases during the year	60,000
Credit purchase returns during the year	10,000
Discount received	5,000
Calculate the total purchase for the year.	

4mks *TRZ*

22. The following information relates to Ndolo Traders. For the year ended 31 Dec. 2003

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

Prepare a profit and loss account for Ndolo Traders for the year ended 31st Dec, 2003

4mks*TRZ*

23. Outline four characteristics of a perfectly competitive market. 4mks*TRZ*
24. Write down four reasons that account for the continued survival of small firms despite the existence of large firms producing similar goods. 4mks*TRZ*
25. State whether the following would either lead to a shift in or a long-term movement in the demand curve. 4mks*TRZ*

FACTOR

EFFECT

- | | |
|--|-------|
| a) An increase in population | |
| b) An increase in the sales tax of a product | |
| c) A change in the price of a product | |
| d) A change in real income. | |