

**MAKUENI COUNTY CLUSTER PREPARATORY EXAMINATION 2016****565/1****BUSINESS STUDIES****PAPER 1****July / August 2016****TIME: 2 HOURS**

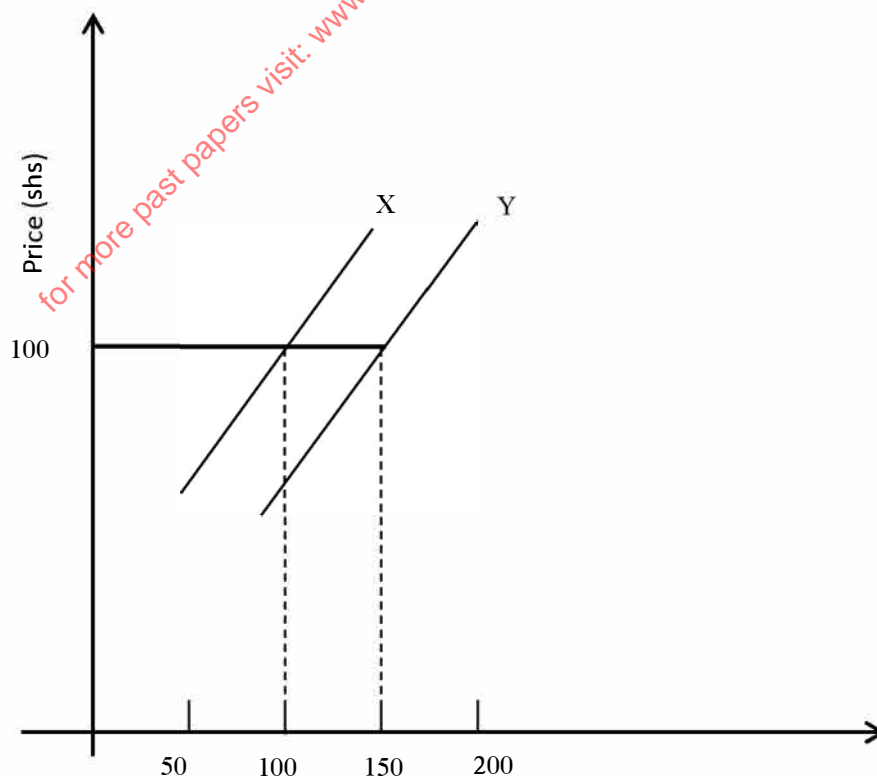
1. State four external forces that may affect a business and its operations. (4 marks)
2. Apex limited has opened a factory in a rural shopping Centre called Baraka. Outline four ways in which the people living in the surrounding areas may benefit from the factory. (4 marks)
3. Highlight four benefits Kenya is likely to get from exploitation of oil recently discovered in Turkana area. (4 marks)
4. Highlight four ways in which a firm can improve the productivity of its human resource. (4 marks)
5. Outline four factors to consider when deciding on a suitable location of an office. (4 marks)
6. In the spaces provided below, state the document to which each of the following statement relate.

Statement	Document
a) Inform the buyer when goods were dispatched and by what means	
b) A request by seller for payment in advance	
c) Used to correct an undercharge in an invoice	
d) Shows details of the transactions between seller and buyer during a given period	

7. Amin plans to join Mwalimu National Sacco. Outline four benefits he is likely to enjoy. (4 marks)
8. Highlight four circumstances under which verbal communication may be ineffective. (4 marks)
9. Outline four reasons why a government may find it necessary to protect consumers (4 marks)
10. Highlight four factors that limit the use of containers in transport. (4 marks)
11. The table below contains descriptions relating to some type of warehouse. In the space provided, write the type of warehouse to which each description refers.

Description	Type
a) Used to store exports and imports	
b) Any body can rent spaces in it for storing goods temporary	
c) Operated for owners exclusive use	
d) Owned and operated by farmers and manufacturers	

12. State four benefits of after – sale services to the consumers. (4 marks)
13. The diagram below shows supply curves of two producers in different countries but of the same product.



- Highlight four reasons why producer Y supplies more than producer X at the same price. (4 marks)
14. Upendo Traders insured their business premises against the risk of fire. Five months later, the premises were completely destroyed by fire. Outline the procedure that they should follow before compensation is made. (4 marks)

15. The following balances were extracted from Mwangaza traders books of accounts.

	Shs.
Opening stock	25,000
Closing stock	35,000
Purchases	190,000
Mark - up	20%

Calculate:

- i) Cost of sales (1 mark)
- ii) Gross profit (1 mark)
- iii) Sales (1 mark)
- iv) Rate of stock turnover (ROSTO) (1 mark)

Highlight four measures that the government may take to attract firms to an area. (4 marks)

16. Show the effect of each of the following transactions to capital, liabilities and assets indicating whether it is an increase (+) a decrease (-) or a nil (0) . (4 marks)

Transactions	Capital	Asset	Liability
a) Converted private land into business land			
b) Paid creditors in cash			
c) Sold a business van valued at shs. 600,000 from shs. 400,000 on credit			
d) Sold goods on credit			

17. Give four disadvantages of a long chain of distribution of goods to a buyer (4 marks)

18. For each of the following statements, give the type of unemployment described (4 marks)

Statements / Description	Type of unemployment
a) Arise due to mismatch of skills and labour ,market demands.	
b) A person has absolutely nothing to do	
c) Arises when there is a change in methods of production	
d) Arises when the number of people exceeds those that are required	

19. The following balances were extracted from the books of Kipchoge as at 31<sup>st</sup> Dec, 2014

	Shs.
Capital	30, 000
Bank	3, 400
Cash	2, 700
Discount received	200
Drawings	300
Land	6, 000
Furniture & Fittings	19, 000
Sales	4, 500

Prepare a correct trial balance as at 31 Dec 2014

(5 marks)

20. Study the ledger accounts given below and write out the transactions that took place affecting the business of Huruma Ltd in January 2008.

- a) Dr Sales A/c Cr
- | Date  | Details | Amt.   |
|-------|---------|--------|
| 2008  |         |        |
| Jan 2 | Pendo   | 50,000 |
- b) Dr Cash A/C Cr
- | Date   | Details   | Amt.   |
|--------|-----------|--------|
| 2008   |           |        |
| Jan 15 | Creditors | 30,000 |
- c) Dr Purchases A/C Cr
- | Date   | Details | Amt.   |
|--------|---------|--------|
| 2008   |         |        |
| Jan 10 | Bank    | 20,000 |
- d) Dr Equipment A/C Cr
- | Date   | Detail | Amt    |
|--------|--------|--------|
| 2008   |        |        |
| Jan 20 | Cash   | 10,000 |
- e) Dr Debtors A/C Cr
- | Date   | Details | Amt    |
|--------|---------|--------|
| 2008   |         |        |
| Jan 22 | Bank    | 20,000 |

21. List four items (transactions) which are recorded in a balance of payment account of a country. (4 marks)

22. The cost of consumer goods for a representatives of a household is given below:

Year	Price
2010	5000
2011	9000

Determine the increase in consumer price index using 2010 as the base year. (4 marks)

23. State the book of original entry used in recording each of the following transaction of Mrembo Traders. (4 marks)

Transactions	Book of Original entry
a) Mrembo returned goods worth shs. 4,000 to Boni traders	
b) Malindi traders returned goods worth shs. 2000	
c) Sold goods on credit to Mrima primary	
d) Purchased goods on credit from Kilwa for shs. 10,000	

24. As a student of B/studies, advice Mr. Maina on why he should open a current account to suit his business in a local bank. (4 marks)

for more past papers visit: [www.freekcsepastpapers.com](http://www.freekcsepastpapers.com) or call 0720502479