

**NTIMA JOINT EVALUATION 2016****BUSINESS STUDIES****565/1****PAPER 1**

1. Identify four gaps that may exist in a market that may lead to a business opportunity. (4 marks)
2. State four features of land as a factor of production. (4 marks)
3. Highlight four reasons as to why many organisations are preferring open office layout. (4 marks)
4. Outline four reasons why shopping malls have become popular in Kenya. (4 marks)
5. Indicate with a tick (V) whether the following items fall in the internal or external business environment. (4 marks)

Factor	Internal	External
a) Price levels in the country		
b) Business employers		
c) Cultural practices		

6. List four money transfer services offered by commercial banks in Kenya. (4 marks)
7. Highlight four circumstances under which a partnership business would be preferred to a sole proprietorship. (4 marks)
8. Identify the element of transport to which each of the following items relate. (4 marks)
  - (a) Diesel
  - (b) Port
  - (c) School bus
  - (d) Lake
9. Mwiti has a retail shop in Meru town valued at Ksh. 1,500,000. He insured the business with an insurance company for sh. 1,000,000 against fire. After six months a fire broke out and destroyed 80% of the business. Determine the amount of compensation that he can claim from the insurance company. (4 marks)
10. Identify the type of advertising described by each of the following : (4marks)

Description	Type of advertising
a) Meant to promote a company's name or image	
b) Uses popular personalities to advertise	
c) Aims at promoting the sales of a new or existing product	
d) Aims at giving full information about a product	

11. Outline four factors that may lead to decline in supply of a commodity. (4marks)
12. State four problems that may be experienced by a country that is overpopulated. (4marks)
13. State four users of a balance sheet. (4marks)
14. On 1st July 2012, Meru traders had the following balances:
 

	shs.
Computer	45,000
Capital	136,000
Creditors	20,000
Furniture	80,000
Bank	26,000
Cash	5,000

The following transactions took place on 2nd July 2012 :

- purchased a motor van for sh.400,000 on credit from Shah motors
- paid a creditor sh. 13,000 by cheque
- bought furniture for sh.8000 by cheque

Prepare a balance sheet as at 2nd July 2012 after the above transactions had taken place.

(4 marks)

15. Record the following transactions in Kanana's Ledger accounts.

2014

Jan 1 : Credit sales to Mawira Ksh.60,000

Jan 2 : Credit purchases from Mutua Ksh. 120,000

(4 marks)

16. State four positive effects of inflation in a country. (4 marks)
17. Highlight four causes of unfavourable balance of payments. (4 marks)
18. Identify the source document used to make entries in the following journals. (4 marks)

Journal	Source document
a) Sales journal	
b) Returns inwards journal	
c) Petty cash book	
d) Cash payment journal	

19. State four factors that hinder economic development in most African countries. (4marks)
20. The following information relates to Muindi Traders.
- |                    |         |
|--------------------|---------|
| Stock (1/1/2011)   | 30,000  |
| Stock (31/12/2011) | 15,000  |
| Purchases          | 150,000 |
| Mark up            | 20%     |
- Prepare the trading account for the period ended 31/12/2011. (4marks)
21. Highlight four benefits that accrue to a firm that expands its scale of operation. (4marks)
22. Identify four ways in which goods are prepared for sale in a warehouse. (4 marks)
23. List four examples of direct taxes. (4 marks)
24. Highlight four channels that can be used to export goods from Kenya to South Africa. (4marks)
25. List four assumptions of the circular flow of income in a two sector closed economy. (4 marks)

**NTIMA JOINT EVALUATION 2016****BUSINESS STUDIES****565/2****PAPER 2**

1. a) Explain five problems encountered when measuring national income of a country. (10 marks)  
b) Explain five reasons why a country imposes taxes on her citizens. (10 marks)
2. a) Explain five ways of improving the efficiency of a warehouse. (10 marks)  
b) The following transactions related to Kioko Traders for the month of May 2012  
 May 2: Sold goods on credit to Asunta sh.24, 000 and Janet sh.32, 000  
 May 8: Bought goods on credit from Patel Traders sh.80, 000  
 May 12: Asunta returned goods worth sh.4, 000  
 May 15: Purchased goods on credit from Karoki sh.68, 000 and Petero sh.62, 100  
 May 20: Goods worth sh. 12,000 were returned to Patel Traders and goods worth sh.6, 000 to Karoki  
 May 23: Goods sold on credit to Asunta sh. 16,000, Tom sh.22000 and Joseph sh.26, 000 May 27: Goods returned by Janet sh.4, 000  
 May 30: Purchased a motor vehicle on credit worth sh. 1,000,000 from General motors Prepare the relevant journals. (10 marks)
3. a) Explain five features of a monopoly. (10 marks)  
b) Explain five benefits that may accrue to a community involved in home trade. (10 marks)
4. The following balances were extracted from the books of Mutwiri Traders for the year ended 31st December 2011.  

	Shs.
Gross profit	76,200
Stock (31 st Dec.)	160,400
Cash	210,120
Motor vehicle	1,206,000
Capital	1,207,120
Equipment	401,200
Furniture	188,800
Creditors	248,400
Debtors	151,800
Discount received	52,800
Salaries	24,800
Carriage outward	28,800
Rent income	25,200
Advertising	44,400
Insurance	18,800
Bank overdraft	825,400

**Required:**

  - (i) Prepare a profit and loss A/C for Mutwiri Traders for the year ended 31 st Dec.2011. (5 marks)
  - (ii) Prepare a balance sheet as at 31 st Dec.2011. (5 marks)
  - b) Using a diagram illustrate the effects of a rightward shift in supply curve on equilibrium price and quantity. (10 marks)
  5. a) Explain five reasons why a business may replace an old machine with a new one. (10marks)  
b) Explain five factors that hinder entrepreneurial activities in a country. (10marks)
  6. a) Explain five reasons for trade restrictions by a country. (10marks)  
b) Explain five reasons why a country should undertake development planning. (10marks)