

**KIRINYAGA WEST  
BUSINESS STUDIES  
PAPER ONE 565/1  
TIME 2 HOURS**

**Answer All Questions In The Spaces Provided**

1. State **four** uses of invoice to a seller of goods (4mks)
2. In which **four** ways are consumers likely to suffer in a situation where there is no warehousing (4mks)
3. Highlight **four** ways in which a firm can improve the productivity of its human resources (4mks)
4. Give **four** reasons why a manufacturing firm would be located in an area with good road network (4mks)
5. The following relates to Kiboko Traders for the year ended 31<sup>st</sup> Dec 2012
 

Gross profit.....	sh. 28000
Opening stock .....	shs. 9000
Closing stock .....	Shs. 6000
Gross profit margin .....	25%

 Prepare Kiboko Traders Trading Account for the year ended 31<sup>st</sup> Dec 2012 (4mks)
6. Indicate in the space provide whether the following factors will increase or decrease the income in circular flow of income (4mks )
 

Factors

  - (a) Savings
  - (b) Government Expenditure
  - (c) Taxes
  - (d) Investment

7. The table below illustrates the demand and supply of a commodity (4mks)

Price sh	Quantity Demanded	Quantity Supplied
Sh 25	80	40
30	70	50
35	60	60
40	50	70
45	40	80

From the table state

- (a) The nature of the demand of the commodity (1mk)
- (b) The nature of the supply of the commodity (1mk)
- (c) Equilibrium price (1mk)
- (d) Equilibrium quantity (1mk)
8. Highlight four ways in which consumers may protect themselves against exploitation by traders (4mks)
9. Outline four features of a private Limited Company (4mks)
10. State four advantage of sending parcels by courier firms (4mks)
11. James intends to open a bank current account. Highlight to him four merits of operating a bank current account (4mks)
12. Highlight four benefits of “Pooling of risks” to an insurance company (4mks)
13. Outline four reasons why countries may trade with each other (4mks)
14. State four reasons why financial institutions may require a balance sheet from a trader who intends to borrow money to expand his business (4mks)
15. Outline four characteristics of an efficient tax system (4mks)
16. State the effect of each of the following transactions on the balance sheet totals by writing increase , decrease or no effect in each case (4mks)

<u>Transaction</u>	<u>Effect</u>
(a) Purchased stock in cash	
(b) Paid creditors in cash	
(c) Withdrew cash for personal use	

(d) Bought machinery on credit

17. Highlight four benefits of using electronic filing system (4mks)
18. Outline four strategies that a small scale firm could adopt to expand so as to enjoy economies of scale (4mks)
19. State four benefits that could accrue to a customer who buys goods from a departmental store (4mks)
20. Outline four advantages of advertising to the consumer. (4mks)
21. Outline four reasons why it makes it difficult to satisfy all human wants (4mks)
22. Identify four reasons for maintaining books or original entry (4mks)
23. Mavoko Traders had the following transactions for the month of February 2014

Feb 2 2014 – Bought goods costing sh. 600,000 from Mwiki Traders on credit

Feb 24 2014 – Bought goods for 700,000 from Mwiki traders on credit

Feb 25 – Paid Mwiki trader sh. 350,000 by cheque as part payment for goods received

Record the above transactions in the account below and balance it off.

Dr			MAVOKO TRADERS A/C			CR	
Date	Particular	Amount	Date	Particulars	Amount		

24. The following is an extract of a cash book from Rovio traders (4mks)

Dr				Cr			
Date	Details	Cash	Bank	Date	Details	Cash	Bank
Jan 1	Bal b/f	12500		Jan 1	Bal b/f		5500
5	Sales		7200	8	Wages	2400	
10	Cash		1500	10	Bank	1500	

- a). Give the name of transaction on
  - (i) Jan 1 2006 on credit side
  - (ii) Jan 10 2006
  - (iii) Determine the balances carried down on Jan 31<sup>st</sup> 2006
25. State four differences between a monopoly and perfect competition market structure (4mks)

**BUSINESS STUDIES****PAPER TWO 565/2****TIME: 2 ½ HOURS****Answer any five questions**

- 1 a) Discuss **five** economic importance of natural resources (10mks)  
b) Other than the instruments used by Central Bank to control credit creation, explain other five methods that are used to control inflation (10mks)
- 2 a) Describe **five** documents that are used in international trade. (10mks)  
b) The table below shows the age distribution of a country

Age in years	% of population
0- 15	45
16-55	31
56 and above	24

- Explain **five** negative economic implications of this age distribution to a country (10mks)
3. a) Explain **five** ways in which the insurance industry contributes to the development of Kenya's economy (10mks)
  - b) The following transactions relate to Pumua Wholesalers for the month of March 2011  
 March 1: Bought goods on credit from Kawe distributors shs. 26,200 , Kamakia Shs. 15600, Mambo Shs. 33,360  
 March 2 : Sold goods on credit to Fuma retailers Shs. 37, 200 , Tito grocers Shs. 25,500 and Wamba traders shs. 16,250  
 March 6: Returned goods to Kamakia shs. 2,400 and Mambo Shs. 4,160  
 March 9: Sold goods on credit to Tamu Shs. 5,500 and Patu Shs. 18,200  
 March 11: Bought goods on credit form Chuma Shs. 33,840  
 March 15: Goods returned by Tamu Shs. 1,500 and Fuma retailers Shs. 1,820 and Patu Shs. 2,600  
 March 18: Bought goods on credit from Jama Shs. 21,210 and Sana Shs. 53,850  
 March 26: Credit sales to Kamanja Shs. 16,600 , Orengo Shs. 19,260 and Wama traders 15,200

**Required**

- Enter the above transaction in the respective books of original entry (10mks)
4. a) Explain **five** factors that a trader may consider when determining the appropriate channel for distribution goods (10mks)  
b) Kenya is in the process of developing a standard gauge railway line from Mombasa to Malaba, Explain **five** benefits of the new railway line (10mks)
  5. (a) Explain the **five** factors that an entrepreneur would consider when evaluating a business idea . (10mks)  
(b) The economy of a certain country in the continent has been growing at a very low rate. Explain **five** possible reasons that could have led to this trend. (10mks)
  - 6 (a) Explain **four** internal factors that may encourage the achievement of business goals (8mks)  
(b) The following information was extracted from the books of Ramogi Traders as at 31<sup>st</sup> December 2012

Kshs	
Sales	800,000
Purchases	500,000
Return inwards	90,000
Return outwards	26,000
Creditors	150,000
Rent	60,000
Delivery van	160,000
Carriage outwards	3,000
Debtors	120,000
Carriage inwards	40,000
Cash	60,000
Stock(June 2012)	100,000
Interest expenses	10,000
General expenses	7,000
Stock ( 31 <sup>st</sup> Dec 2012)	120,000

**MERU CLUSTER**  
**565/1**  
**BUSINESS STUDIES**  
**PAPER 1**  
**JULY 2018**  
**TIME: 2 HRS**

1. Identify four types of business activities an entrepreneur may invest in. (4 marks)
2. State four factors to consider before a trader offers a credit to a customer. (4 marks)
3. Highlight four reasons why many business are adopting an open office layout. (4 marks)
4. Give an example for each of the following: (4 marks)
 

Item	Example
i) Free resource	
ii) Human resource	
iii) Non-material good	
iv) Capital good	
5. Highlight four factors that may slow down the growth of Entrepreneurship in Kenya. (4 marks)
6. Three partners would like to engage in a partnership form of business without a written partnership agreement. Highlight how the Partnership Act will guide them regarding : (4 marks)
  - a. Profit and loss sharing
  - b. Salary to partners
  - c. Loans given to the business by a partner
  - d. Admission of a new partner
7. Explain briefly the following trends in forms of business units. (4 marks)
  - a. Franchising
  - b. Globalization
  - c. Cartels
  - d. Check off system
8. Highlight four reasons why Consumer Associations may not be effective in their consumer protection efforts. (4 marks)
9. Mention four circumstances under which a producer will find it necessary to transport goods by a train. (4 marks)
10. Outline four roles played by warehouses in trade. (4 marks)
11. List four errors that may make a trial balance not to balance. (4 marks)
12. Highlight four functions of advertising agencies to an advertiser. (4 marks)
13. Highlight four contemporary trends in communication in Kenya today. (4 marks)
14. State four reasons that may prompt an investor to locate his firm near the market for his products. (4 marks)
15. Highlight three benefits of business that uses social media platforms in promoting its products is likely to have over its competitors. (3 marks)
16. The table below shows the age distribution of a given country.
 

Age bracket	0-15	16-55	56 and above
Percentage composition	45	31	24

 State any four negative economic implications of this age distribution to a country. (4 marks)
17. Outline any four features of oligopoly market. (4 market)
18. Below is the balance sheet of Willy Traders as at 31<sup>st</sup> Dec 2018.

Willy Traders"			
Balance sheet			
As At 31 <sup>st</sup> Dec 2017			
Fixed Assets	87,800	Capital 1/1/2017	78,000
Current Assets	55,200	Add Net Profit	<u>42,000</u>
		Net capital	120,000
		Current liabilities	<u>23,000</u>
	<u>143,000</u>		<u>143,000</u>

Calculate:

- i. Current ratio (2 marks)
- ii. Return on capital. (2 marks)

19. The following statements relate to terms used in the study of national income for any country. Identify the most appropriate term for them. (4 marks)
- a. The total monetary value of commodities produced in a year.
  - b. Income attributed to one person per year in a country.
  - c. Factors that lead to an increase in the income and expenditure in the circular flow of income.
  - d. Capital consumption during production.
20. State four reasons why inflation may be desirable in a country. (4 marks)
21. Journalize the following transactions relating to Kipingo Traders for the year 2011. (5 marks)
- Jan 5. Cash Purchases sh. 8920 receipt no. 517
  - Jan 12. Paid Juma Shs. 9800 by cheque after having been allowed a cash discount of 2% receipt no. 0951
  - Jan 17 Banked Shs. 6000 from the cash till
  - Jan 19 Paid for repairs in cash Shs. 14000, receipt no. 0251.

### Cash payments journal

Date	Details	Receipt No.	L.F	Disc. Received	Cash	Bank
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22. Other than serving as a medium of exchange, mention four other functions of money. (4 marks)
23. Outline four duties of Commercial attaches. (4 marks)
24. Outline four ledger accounts used for recording movement of stock. (4 marks)
25. Outline four differences between hire purchase and installment buying. (4 marks)

565/2

**BUSINESS STUDIES****PAPER 2****JULY /AUGUST 2018**

1. a. In spite of the benefits of large scale operations, small scale firms continue to exist. Explain the factors that justify the existence of such small firms. (10 marks)
- b. Using a diagram, explain the effects of increase in demand for a commodity on market equilibrium when its supply remains constant. (10 marks)
2. a. Explain five factors that determine the premiums to be charged in property insurance. (10 marks)
- b. Explain five principles that guide the tax system in a country. (10 marks)
3. a. Highlight four ways through which a government can provide an enabling environment for the success of business activities in a country. (8 marks)
- b. On first March 20 - 6, Najib had cash in hand Kshs. 7800 and a bank overdraft of Kshs. 23,400. During the month, the following transactions took place;

March 3	:	Cash sales Shs. 6500 paid direct in to the bank
March 4	:	Bought goods for Shs. 15,000 and paid by cheque.
March 6	:	Cash sales Shs. 50,000
March 9	:	Received a cheque for shs. 18000 from Amolo in full settlement of his debts.
March 13	:	Paid insurance premiums shs. 16,000 in cash.
March 14	:	Paid Kamotho by cheque sh. 9,700 in full settlement of his account less 3% cash discount
March 17	:	Cash sales Shs. 150,000 paid direct in to bank.
March 21	:	Withdrew Shs. 30,000 from bank for office use.
March 23	:	Received a cheque of sh. 23,750 from Rotich in full settlement of his account less 5% cash discount.
March 25	:	Paid wages of sh. 20,000 in cash.
March 26	:	Cheque received from Amolo was dishonoured.
March 30	:	Banked all cash except sh. 30,000.

REQUIRED : Prepare a duly balanced three column cash book. (12 marks)

4. a. Explain five benefits that Kenya would get if the Government encourages location of a business in rural areas. (10 marks)
- b. Despite the announcement by the Government that the country has achieved 6% economic growth, this has not been translated to economic development. Discuss five indicators of under development currently experienced in Kenya. (10 marks)
5. a. Describe five circumstances under which a manufacturer would find it necessary to sell his products directly to the consumer. (10 marks)
- b. Explain five benefits of filing office documents to an organization. (10 marks)
6. a. Highlight any four distinguishing characteristics between a public limited company and a public corporation. (8 marks)

- b. The following trial balance was extracted from the books of Bumala Traders on Dec 2017.

Bumala Traders Trial Balance As at 31 <sup>st</sup> /Dec/2011		
Particulars	Dr	Cr
Sales		720,000
Purchases	340,000	
Returns	20,000	18,000
Rent	16,000	
Advertising	24,000	
Commission		9,000
Debtors & Creditors	54,000	64,000
Stock 1/1/2011	60,000	
Insurance	30,000	
Drawings	40,000	
Furniture & Fittings	100,000	
Cash in hand	15,000	
Premises	400,000	
Capital		288,000
	<b><u>1,099,000</u></b>	<b><u>1,099,000</u></b>

Additional information.

- i. Stock as at 31<sup>st</sup> Dec, 2011 was sh. 52,000
- ii. Rent accrued sh.60,000.
- iii. Insurance paid in advance sh. 4000
- iv. Commission due sh. 5000.
- v. Salaries owing Sh. 21,000.

*Required :*

- a). Prepare a trading, profit and loss account for the year ended 31<sup>st</sup> Dec, 2011.
- b). Balance sheet as at that date .

(12 marks)

**GATANGA**  
**565/1**  
**BUSINESS STUDIES**  
**PAPER 1**

1. The table below describes various business studies components. Identify the discipline that is best given by the description. (4marks)

Statement	component
a) A systematic way of recording and keeping business transactions.	
b) Study of how human beings strive to satisfy their unlimited wants using limited resources.	
c) The study of the process of identifying a business gap, mobilize the necessary resources to start and run a business	
d) Study of various activities carried out in an office	

2. State four circumstances under which face-to-face communication may be preferred to written form of communication in a business organization. (4marks)
3. For each of the following transaction, state the source documents and the book of original entry in which the transaction would be recorded. (4marks)

Transaction	Source document	Book of original entry
a) Goods returned to supplier		
b) Sale of goods on credit		
c) Payment to a creditor		
d) Purchase of good on credit		

4. Highlight four ways in which a business can improve the productivity of its human resources. (4marks)
5. The government is investing a lot of money in road construction in Kenya. Highlight four ways in which an efficient road transport system may promote trade within a county. (4marks)
6. Outline four circumstances under which a firm would be located near the market for its products (4marks)
7. State four factors that may limit an individual's ability to satisfy his/her basic wants. (4marks)
8. State the type of insurance policy described by each of the following statements. (4marks)

Statement	Policy
a) Where sum assured is only payable after the death of the assured.	
b) Taken for a vehicle to cover all losses arising from its authorized use.	
c) Covers profit lost due to interruptions of business activities as a result of occurrence of an insured risk.	
d) Covers employees who might suffer loss while in official duty.	

9. Highlight four legal - political environmental factors that may affect the performance of a business positively. (4marks)
10. State four ways in which National income statistics may be used in a country. (4marks)
11. The following information was extracted from the books of Tajiri Traders for the year ended 10/6/2016.

sh.

Opening stock	50,000
Sales for the year	428,000
Closing stock	75,000
Rate of stock Turnover	6 times
Determine:	

(4marks)



- a. Average stock
- b. Cost of sales
- c. Purchases

d. Gross profit

12. Give four ways in which the Kenya Government may increase the amount of money in circulation. (4marks)
13. Kingi bought 200 chairs on credit at sh 600 each. The terms of sales were 10% trade discount and 5% cash discount. If payment made within two weeks. Payment was made within the discount period.

Calculate:-

- a. Total cost price. (1mark)
  - b. Trade discount. (1mark)
  - c. Cash discount. (1mark)
  - d. Amount paid if payment was made within one week. (1mark)
14. Outline four factors that may cause a shift in supply curve to the right. (4marks)
15. Highlight four challenges that may be experienced by a country whose population is made up of a large proportion of young people. (4marks)
16. Mention four characteristics of oligopolistic market structure. (4marks)
17. Chelagat has several ideas to start a business, As a business studies student, advise her on four factors of business consideration, that she should take into account when evaluating a business idea. (4marks)
18. The following information relates to Kalonzo Traders as at 31<sup>st</sup> Dec. 2013.

	shs.
Total Drawings	400,000
Added investments	800,000
Capital on 31 <sup>st</sup> Dec. 2013	7,000,000
Profit	3,100,000

calculate Kalonzo's initial capital (3marks)

19. Outline four methods that the government of Kenya uses to regulate business activities in the country. (4marks)
20. Identify the ledgers in which the following accounts are maintained. (5marks)

Account	Ledger
a) Jane (debtor)	
b) machinery	
c) Rent	
d) capital	
e) Juman (creditor)	

21. Highlight four advantages of promoting sales through the internet. (4marks)
22. The following cash book belongs to ABC traders for the month of Jan 2018.

**TWO COLUMN CASH BOOK**

DATE	DETAILS	CASH	BANK	DATE	DETAILS	CASH	BANK
2018				2018			
1JAN	CAPITAL	8,000	24,000	2JAN	PURCHASES		5,000
3 JAN	SALES	4,000		6JAN	WAGES	2,500	
10JAN	OTIENO	2,000	5,000	7JAN	ELECTRICITY		2,000
12 JAN	CASH		6,000	12JAN	BANK	6,000	

State the transaction that took place on:

- a) 1/JAN/2018.....
- b) 6/JAN/2018.....
- c) 3/JAN/ 2018.....
- d) 12/JAN/2018.....

- 23. Outline four characteristics of public corporations (4marks)
- 24. State 4 short comings of a long-channel of distribution to consumers. (4marks)
- 25. Visitors to the office of Jua-Kali Enterprise have been complaining of lack of etiquette from secretaries. Outline **four** measures that the secretaries can take to improve their office etiquette. (4marks)

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**GATANGA****565/2****BUSINESS STUDIES****PAPER 2**

- 1 a) Explain five benefits that may accrue to a community that is involved in trading activities. (10marks)
- b) Explain five circumstances under which a monopolist would survive in a market. (10marks)
- 2 a) Explain five measures that would be taken to ensure smooth functioning of a warehouse. (10marks)
- b) The balances below were extracted from the books of Karanja Traders as at 1<sup>st</sup> June 2017.

	shs.
Equipment	320,000
Stock	180,000
Bank	104,000
Cash	20,000
Capital	544,000
Creditors	80,000

During the first week of June 2017 the following transactions took place.  
2017:

- |      |   |   |
|------|---|---|
| June | 2 | -Karanja Traders introduced additional funds into the business by depositing sh. 76,000 into business bank account. |
|      | 3 | -Purchased a motor vehicle from CMC Motors worth sh. 400,000 on credit.   |
|      | 5 | -Paid a creditor sh. 12,000 cash.   |
|      | 6 | -Sold goods on credit to Anita sh. 50,000   |
|      | 7 | -Bought equipment sh. 100,000 by cheque.  |

**Required:**

Prepare the balance sheet of Karanja Traders as at 7<sup>th</sup> June 2017 showing the items in their relevant classes.

- 3 a) Outline five differences between memorandum of association and Articles of association. (10marks)
- b) Explain five functions of money. (10marks)
- 4 a) Explain five trends in office management today. (10marks)
- b) The following balances were extracted from the books of Simba traders as at 31<sup>st</sup> December 2016.

	shs		shs.
Sales	980,000	Carriage outwards	28,000
Purchases	640,000	Rent and rates	10,000
Return inwards	40,000	Electricity	16,000
Return Outwards	36,000	Commission received	12,000
Stock 1/1/2016.	120,000	Bad debts	6,000
Carriage inwards	34,000	General expenses	24,000
Discount Received	18,000	Stock 31/12/2016	104,000

**Required:** calculate

- a) Purchases of the year (2marks)
- b) Net Sales (2marks)
- c) Cost of sales (2marks)
- d) Gross profit (1mark)
- e) Total indirect expenses (1mark)
- f) Net profit (2marks)
- 5 a) There has been a decline in the demand for New cloths in the market recently. Explain five factors that may have caused this trend. (10marks)
- b) ABC manufacturers who have been producing product A stopped its production and instead embarked on production of product B. Explain five factors that may have led to this decision. (10marks)
- 6 a) Explain the procedure for obtaining an insurance policy. (10marks)
- b) Discuss five measures that the government of Kenya may take to reduce the level of unemployment. (10marks)

**KISII CLUSTER**  
**565/1**  
**BUSINESS STUDIES**  
**PAPER 1**  
**JUNE- 2018**

1. State **four** characteristics of money (4mrsk)
2. State **four** external factors that may adversely affect the efficient operations of a business enterprise. (4mrks)
3. Under what **four** circumstances would it be advisable for a business to use photocopying as a means of document reproduction. (4mrks)
4. Outline **four** ways through which an efficient transport system may promote trade in the society. (4mrks)
5. Outline **four** benefit enjoyed by a large scale consumer who buys directly from the producer (4mrks)
6. ABC Ltd prefers to advertise their products through their website in the internet. Outline **four** benefits enjoyed by the firm as a result of this method of states promotion. (4mrks)
7. Outline **four** features of cooperative societies (4mrks)
8. Give **four** reasons why most Kenyans do not operate bank accounts. (4mrks)
9. State **four** advantages of indirect taxes. (4mrks)
10. In the space provided, indicate the effects of the transactions given on assets , liabilities and capital by writing increase, decrease or no effect in the appropriate column.

Transaction	Assets	Liability	Capital
(a) Bought news furniture and payment to be later.	.....	.....	.....
(b) Paid money owed to creditors by cheque.	.....	.....	.....
(c) The owner donated his Personal computer for business use	.....	.....	.....
(d) The owner used part of business goods for his sons birthday.	.....	.....	.....

11. Outline **four** contributions of the households to the national income of a country. (4mrks)
12. Identify **four** salient features of a monopolistic market. (4mrks)
13. In the spaces provided in the table below, name the document Mumia Limited Company would issue under circumstances described below.

Circumstance	Document to issue
(a) Mumia Ltd sold goods worth Ksh 100,000 On credit to Mama Tatoo Supermarket.	.....
(b) Kukus traders paid Mumia Traders paid Ksh. 54,000 by cheque to Mumia Ltd for goods which had been supplied.	.....
(c) Agama enterprises which had bought goods worth ksh. 17,000 was erroneously charged for only Ksh. 15,000.	.....
(d) Goods sold to mama Tatoo Supermarket had been over priced by sh. 4,000	.....

14. Identify **four** obstacles that may hinder the achievement of Kenya's Vision 2030. (4mrks)
15. State **four** benefits of entrepreneurship to the Kenyan government. (4mrks)
16. The following information was extracted from the books of Condo Traders as at 31<sup>st</sup> December, 2008.  
 Opening stock                      2,500  
 Purchases                            46,000  
 Closing stock                        1,500  
 Mark – up                            20%  
**Required** : Prepare Condo Trader's trading account. (4mrks)

17. List **four** rewards to land as a factor of production (4mrks)
18. State **four** characteristics of a bonded warehouse. (4mrks)

19. The average consumer price for a 20 – litre cooking oil for various years is shown in the table below.

Year	Consumer price	Consumer price index.
2000	474	100
2001	538	—
2002	625	—
2003	741	—
2004	866	—

Calculate the consumer price index using year 2000 as base year. (4mks)

20. Other than price mechanism, outline **four** methods used to determine the price of commodities in a market (4mrks)
21. The information provided below indicates the closing balances of Wanda Wholesalers as at 31<sup>st</sup> December, 2009.

Land	430,000
Motor Vehicle	641,000
5-year ICDC loan	900,000
Bank	54,000
Stock	82,000
Accrued expenses	79,800
Creditors	120,000

**Required:** Using the information given above, prepare Wanda Traders General Journal. (4mks)

22. Match the following terms with the statements below; over insurance, co-insurance premiums, policy, actuaries.

**Statement**

**Term applicable**

- (a) The amount of money the insured  
Paid periodically .....
- (b) A person has insured his property  
For a higher value than its worth. ....
- (c) The contract document for insurance cover. ....
- (d) Several insurance companies share the  
burden of insuring a common property. ....

23. State **four** reasons why the volume of exports from less developed countries to the developed countries tend to be low. (4mrks)
24. Outline **four** non-monetary measures that an organization may use to motivate its employees. (4mrks)
25. The following figures relate to Westgate Company Limited as at 31<sup>st</sup> December, 2013. Use it to prepare a balance sheet as at 31<sup>st</sup> December, 2013.

Capital	sh. 50,000
2-year loan	sh. 30,000
Unpaid Salaries	sh. 15,000
Bank	sh. 25,000
Overdraft	sh. 5,000
Closing stock	sh.20, 000
Cash	sh.15, 000
Buildings	sh.32, 000
Creditors	sh.10, 000
Furniture	sh. 8,000
Machinery	sh. 10,000

**KISII CLUSTER**  
**565/1**  
**BUSINESS STUDIES**  
**PAPER 2**  
**JUNE 2018**

1. a) Explain the role played by warehousing in developing Kenya's economy. (10mks)  
 b) Discuss five limitations of using per capita income as a measure of the standard of living of a country. (10mks)
2. a) Outline six circumstances that may make a country join a common market. (12mks)  
 b) Describe four factors that can be used in determining the size of a firm. (8mks)
3. a) Explain five measures that the government may undertake to reduce unemployment problem in Kenya. (10mks)

b) Miriti a shop owner had the following transactions in the first three weeks of November 2000.

Nov. 1: Sold goods on credit to Mbele shs.6000, Kioko shs.1000 and Muthusi shs. 2500

" 2: Returns from Muthusishs. 250

" 3: Sold goods on credit to Kitheka shs.2150

" 4: Sold goods for cash shs.2800

" 7: Sold goods on credit to Muthusi shs.1500, Waithakashs. 1500 and Mbeleshs. 2100.

" 8 Returns from Mbeleshs. 200

"10 : Sold old furniture to Karuru on credit shs. 3750

" 11 : Sold goods on credit to Ndingishs. 2500 and Mbuvishs. 3140.

" 12 : Returns from Mbuvishs. 3140

" 14: Sold goods on credit to Kiokoshs. 1000, Mbeleshs. 2500 and Kaninishs. 5000

" 15 : Returns from Kaninishs. 500, Mbeleshs. 250.

"17 : Sold goods on credit to Muthusishs. 4,000

" 19: Sold goods on credit to Muthusishs. 3000, Waithakashs. 3000 and Mbeleshs. 1000

**Prepare**

(i) Sales journal

(ii) Sales returns journal

4. a) Discuss five reasons that can justify the government's involvement in business activities. (10mks)  
 b) On 1<sup>st</sup> July 2001, Mwala had cash in hand shs. 3250 and cash at Bank shs. 136500. During the month the following transactions took place.

2001 July

2: Cash sales shs. 42,630 paid direct into the bank.

3: Received a cheque for shs. 14100 from Lee in full settlement of his debt.

8: Bought goods for shs. 26,240 and paid by cheque.

12: Cash sales shs. 42,450

14: Paid Nduku by chequeshs. 23,750 in full settlement of his account less 5% cash discount.

15: Paid wages shs. 24,000 cash.

16: Withdrew shs.36000 from bank for office use

18: Bought stationery shs. 750 cash

20: Cheque received from Lee was dishonoured.

28: Paid salaries by chequeshs. 48,600.

29: Received a cheque for shs. 9500 from Otieno after deducting a 5% cash discount

30: All cash was banked except shs. 5000.

Prepare a three column cash book duly balanced. (10mks)

5. a) "Globally development banks have proofed beneficial in enhancing the economy". Explain five reasons supporting this statement.  
 b) With the aid of diagrams distinguish between a movement along and a shift in a supply curve. (10mks)

6. a) Identify five principles of insurance highlighting the significance of each. (10mks)  
 b) The following trial balance was extracted from the books of Muhanuzi Traders on 31<sup>st</sup> December, 2001.

**Trial balance as at 31<sup>st</sup> December, 2001**

Date	Details	Dr (shs)	Cr(shs)
Dec. 31	Purchases	70,000	
	Carriage Outwards	4,000	
	Stock (1/1/2001)	12,500	
	Sales		95,000
	Fixed Assets	82,000	
	Creditors		8,500
	Debtors	10,500	
	Salaries	14,000	
	Bank Overdraft		7,500
	Returns Outwards		12,500
	Cash in hand	2,500	
	General Expenses	5,200	
	Returns Inwards	1,500	
	Capital		88,800
		202,200	202,200

Additional information:

- Closing stock was valued at shs. 6500
- Salary outstanding was shs. 2800

**Prepare**

- (i) Trading, Profit and Loss account for the period ended 31<sup>st</sup> December, 2001.  
 (ii) Balance sheet as at 31<sup>st</sup> December, 2001.

(10mks)

**EMBU CLUSTER**  
**565/1**  
**BUSINESS STUDIES**  
**Paper 1**  
**Term 2 2018**

1. Outline four elements that may comprise the internal environment of a business. (4 marks)
2. Classify each of the following production activities as either primary, secondary or tertiary. (4 marks)
  - a) Growing coffee .....
  - b) Construction of a building .....
  - c) Selling in a shop .....
  - d) Mining .....
3. Most investors prefer to set their industries at or near the source of raw materials. State four reasons which may contribute to this. (4 marks)
4. Kenya has discovered oil products in the northern part of the country. State four benefits of transporting the oil products using a pipeline. (4 marks)
5. State four ways in which landscaped office layout may be created. (4 marks)
6. The following terms are used in international trade
  - terms of trade
  - exchange rate
  - invisible trade
  - balance of payments

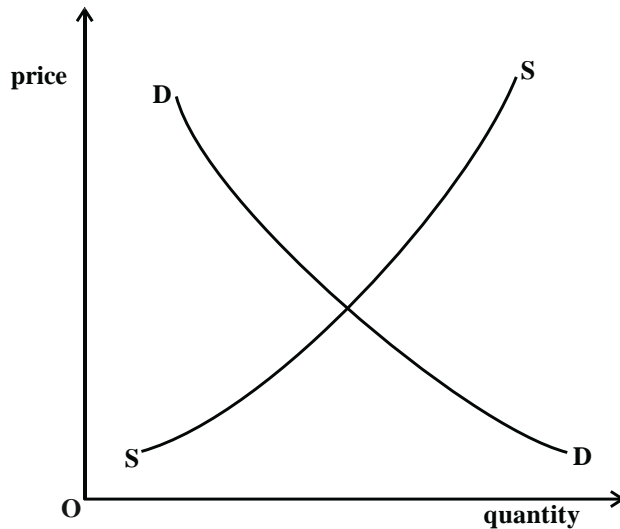
In the table below, match each term with its appropriate description. (4 marks)

Description	Term
a) A statement of account that gives a country's position with regard to its trade partners.	
b) The rate at which exports exchange for imports	
c) The value of a country's currency in relation to other currencies	
d) Trade that deals with exports and imports of services	

7. List four draw backs of verbal communication in an organisation. (4 marks)
8. On 1st March 2010, Mzaha traders started a business by depositing shs.50,000 into a bank account. During the month the following transactions took place.  
 March 10 Bought goods worth shs.13,000 by cheque  
           " 20 Sold goods for shs.18,000 in cash  
           " 25 Paid salaries of sh.5,000 in cash  
           " 30 Withdrew shs.15,000 from bank for business use  
 Prepare a two column cash book for Mzaha traders duly balanced. (5 marks)
9. Highlight four ways in which government policies can negatively affect operations of a business. (4 marks)
10. State four methods which may be used by commercial banks to advance money to customers. (4 marks)
11. Give four characteristics of goods. (4 marks)



12. Indicate in the diagram below the effect of a rise in price of factors of production on the equilibrium price and equilibrium quantity. (4 marks)



13. List down four indicators of economic development. (4 marks)
14. State four measures that can be taken to improve the efficiency of parastatals in Kenya. (4 marks)
15. Given below is a balance sheet of Mwenda Wholesalers Ltd as at 31st July 2012.

Mwenda Wholesalers Ltd  
Balance sheet as at 31st July 2012

Assets shs.		Liabilities shs.	
Equipments	55,000	Capital	75,000
Stock	7,750	Creditors	5,250
Bank	25,375	Loan	10,000
Debtors	<u>2,125</u>		
	<u>90,250</u>		<u>90,250</u>

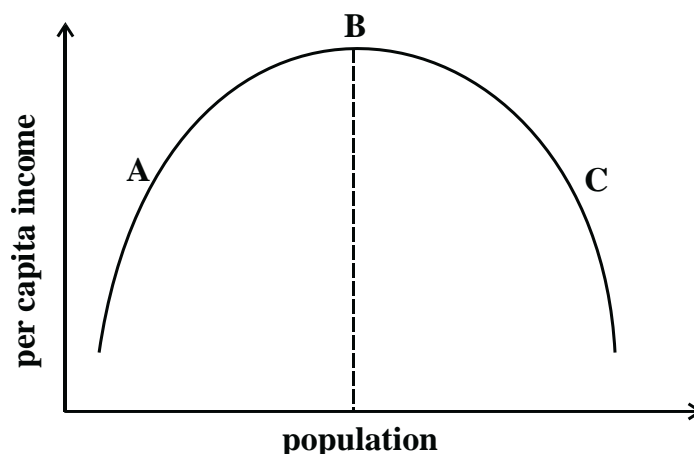
The following transactions took place on 1st August 2012

- Paid creditors shs.2000 by cheque
- The owner took stock worth shs.750 from the business for his daughter's hospital bill
- Equipment previously owned by the proprietor worth shs.20,000 was converted into business equipment

**Required :**

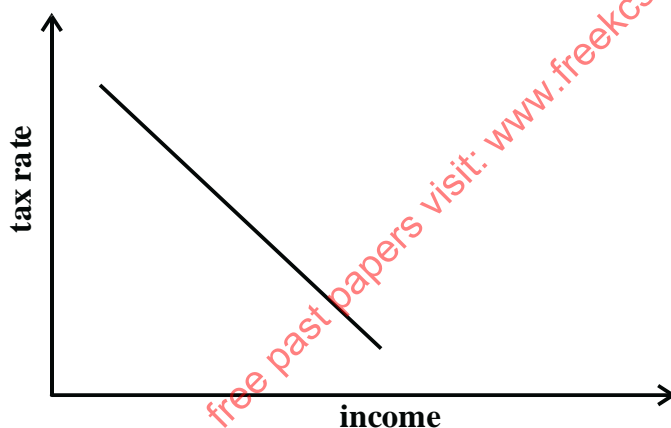
Prepare a balance sheet of Mwenda Wholesalers after taking into account the above transactions. (5 marks)

16. Highlight four importance of a journal to a business organization. (4 marks)
17. Miguba who recently resigned from work would like to invest his benefits in either of two business options. State four factors that Miguba should consider in choosing the business to invest in. (4 marks)
18. The diagram below illustrates population size.



Identify :

19. State four ways in which consumers are likely to suffer in a situation where there is no warehousing facilities. (3 marks)
20. The diagram below represents a form of tax. (4 marks)



State four merits of the above tax system. (4 marks)

21. Record the following transactions in T-accounts of Mutumba traders. (4 marks)

June 2012

- 1 : Bought office equipment shs.480,000 from Utawala suppliers on credit  
 12 : Paid advertisement shs.14,000 by cheque  
 21 : Sold goods for shs.450,000 and payment received by cheque  
 25 : Paid Utawala suppliers shs.270,000 by cheque

(4 marks)

22. List three distinctive features of itinerant traders. (3 marks)
23. State four factors that may lead to an end of life assurance policy. (4 marks)
24. Outline four factors that might cause demand pull inflation. (4 marks)
25. The conditions given below describes various market structures. Write the correct market structure against each of the following conditions in the spaces provided. (4 marks)

Conditions

Market structure

- a) Market structure determines price of the product .....
- b) There is free entry and exit .....
- c) Market structure with many sellers of differentiated products .....
- d) Products involved is homogenous .....

**EMBU CLUSTER**

565/2

**BUSINESS STUDIES****Paper 2**

1. a) Explain five reasons why small scale business organisations are still popular despite the benefits associated with large scale operations. (10 marks)
- b) Discuss five factors that may promote entrepreneurship in Kenya. (10 marks)
2. a) Explain five disadvantages of using rail transport to traders. (10 marks)
- b) Kenya has experienced increase in the rate of unemployment for the last years. State and explain five forms of unemployment. (10 marks)
3. a) Explain five features that distinguish a public limited company from a private limited company. (10 marks)
- b) Explain five features of a current account offered by commercial banks. (10 marks)
4. a) Discuss four circumstances when a manufacturer may decide to sell his products directly to the consumers. (8 marks)

b) The following trial balance relates to Hussein Traders for the year ending 31st Dec. 2011

Hussein Traders  
Trial Balance  
As at 31st Dec.2011

	<u>Dr</u>	<u>Cr</u>
General expenses	120,000	
Rent expenses	46,000	
Telephone expenses	48,000	
Purchases	2,600,000	
Sales		4,000,000
Salaries	360,000	
Discount received		36,000
Sales return	40,000	
Motor vehicle	500,000	
Debtors	300,000	
Land	2,000,000	
Cash at bank	120,000	
Cash in hand	12,000	
Capital		1,950,000
Drawings	80,000	
Creditors		240,000

## Additional information

Stock as at 31st Dec. 2011 was Ksh.100,000

- i) Prepare trading, profit and loss account for the year ending 31st Dec. 2011. (6 marks)
- ii) Calculate :
  - a) Margin
  - b) Current ratio
  - c) Return on capital (6 marks)
5. a) Explain six circumstances under which a country may allow international trade. (12 marks)
- b) Highlight four problems encountered in measuring the national income of a country. (8 marks)
6. a) Explain five circumstances under which a business person may use after sales service as a tool for sales promotion. (10 marks)
- b) Highlight five benefits enjoyed by an organisation that uses computers in its operations. (10 marks)

**COMPLIANT I****565/1****BUSINESS STUDIES****PAPER 1****TIME: 2 HOURS**

1. State four reasons why the number of firms in Kenya is more than the large scale firms. (4marks)
2. Identify the utility created when the following activities are carried out. (4marks)

Activity	Utility
(a) A farmer transports green maize to the market	
(b) A farmer keeps the harvested maize in the family granary	
(c) The maize grains is ground into flour in the posho mill.	
(d) The farmer sells the maize to the neighboring school.	

3. State the function of each of the following documents as used in home trade. (4marks)

**Document****Function**

- (a) Pro forma invoice
- (b) Advice note
- (c) Credit note
- (d) Order

4. Highlight four reasons why Mantracklimited has opted to offer after sales services to its customers (4marks)

5. The following information relates to JomvuKuu traders for the year ended 31<sup>st</sup> March 2011

Sales	Kshs. 400,000
Purchases	Kshs. 350,000
Opening stock	Kshs. 12,000
Return inwards	Kshs. 10,000
Carriage outwards	Kshs. 2,400
Carriage inwards	Kshs. 5,000
Closing stock	Kshs. 100,000

- Prepare a trading account for JomvyKuu traders for the year ended 31<sup>st</sup> March 2011 (4marks)

6. Suggest four circumstances under which Madson Insurance Company may terminate an insurance contract with a client (4marks)
7. Identify four factors that may limit the use of containers in Kenya today. (4marks)
8. Mlolongo Traders started business one year ago with an investment of Kshs. 1,200,000. At the end of the year the capital was Kshs. 1,600,000 and the monthly drawings were Kshs. 20,000. Calculate the profit for the year (4marks)
9. Highlight four circumstances under which a business would prefer to use email instead of telephone call (4marks)
10. Highlight four circumstances under which a manufacturer of goods would sell them directly to the final consumer (4marks)

11. The following information relates to Shah Traders for the month of January 2012.

<b>January</b>	<b>1</b>	Opening balances – Cash Kshs. 25,000, Bank Kshs. 54,000
	<b>4</b>	Bought furniture worth Kshs. 8,000 by cheque
	<b>10</b>	Sold goods worth Kshs 6,000, Cash and Kshs. 2,000 on credit
	<b>15</b>	Paid a creditor Ramesh, for goods, Kshs. 3,000 by cheque and Kshs 2,000 in cash.

**Enter the above transactions in a two-column cash book and balance it off on 31<sup>st</sup> January 2012**

(4marks)

12. State four ways in which advancement in technology has encouraged business growth (4marks)
13. Identify four ways in which the Kenyan government encouraged establishment of industries throughout the country. (4marks)
14. For each of the following cases, name the motive for holding money. (4marks)

CASE	MOTIVE
(a) To meet daily transport expenses	
(b) To meet any unforeseen circumstances	
(c) To take an advantage of an anticipated fall in prices	

(d) To pay for daily food requirements	
--	--

15. List down four factors that may adversely affect the functioning of a warehouse (4marks)
16. The balances below were extracted from the books of Komu Traders as at 31<sup>st</sup> December 2007.

	Shs.
Bank loans	1,300,000
Creditors	300,000
Debtors	900,000
Fixed assets	950,000
Bank	700,000
Cash	500,000
Stock	200,000
Prepaid wages	250,000
Rent income in advance	400,000

**Prepare a balance sheet as at 31<sup>st</sup> December 2007**

17. Highlight four contents that are contained in a company's articles of association (4marks)
18. Outline four ways in which Kenyan consumers may protect themselves against exploitation by greedy business people. (4marks)
19. Masinga High School principal has just introduced an electronic filing system in the school. Suggest five ways in which the school will benefit from this move. (5marks)
20. Mention four factors that may influence the level of Kenya's national income (4marks)
21. Identify the source document from where the information given below may be extracted. (4marks)

Information	Source document
(a) Purchases returns	
(b) Cash sales	
(c) Credit sales	
(d) Credit purchases	

22. Give four current changes that have been witnessed in the banking industry in Kenya. (4marks)
23. State the factors of production represented by each of the resources below (3marks)

**Resource**

**Factor of production**

- (a) Land
- (b) Fertilizer
- (c) Farmer

24. Outline four disadvantages of landscape office layout. (4marks)
25. Outline three functions of microfinance institutions in Kenya. (3marks)

565/2

**BUSINESS STUDIES****PAPER 2**

1. (a) Explain **five** ways in which commercial banks facilitate payment on behalf of their customers. (10marks)  
(b) Describe the procedure of obtaining an insurance policy (10marks)
2. (a) Explain **five** reasons why there is a need for Kenyan businesses to practice business ethics in their activities. (10marks)  
(b) Explain **five** circumstances under which a seller may send a debit note to a buyer (10marks)
3. (a) Explain five ways why the Nairobi stock exchange market has contributed to the growth of the Kenyan economy. (10marks)  
(b) Using diagrams show the effects of the shifts of demand and supply curves on equilibrium price and quantity under the following situations:-  
i) Decrease in demand (5marks)  
ii) Increase in supply (5marks)
4. (a) Explain five circumstances under which a firm would be located near the market for its products. (10marks)

- (b) Koki enterprises had the following balances in her books of accounts on November 1<sup>st</sup> 2011.

**Cash in hand Kshs. 10,000.00**

**Cash at bank Kshs. 150,000.00**

The following transactions took place during the month

November	3	Cash purchases worth Kshs. 2,000.00
	6	Credit Sales to Kavuo Kshs. 2,000.00
	7	Bought office equipment paying by cheque Kshs. 40,000.00
	9	Paid electricity bill by cash Kshs. 500.00
	11	Received a cheque from Drogba a debtor Kshs. 2,000.00
	13	Received cash Kshs. 1,000.00 from Kyoa a debtor
	15	Drew, Kshs. 4,000 from bank for office use
	16	Koki took cash Kshs. 3,000.00 for her personal use.
	17	Made credit purchases Kshs. 2,500.00 from Nzuki.

**Required:**

Enter the above transactions in a two column cash book and balance it off.

5. (a) Discuss **five** circumstances under which monopolies may be created. (10marks)  
(b) Explain **five** ways in which the central bank of Kenya has increased the lending capacity of commercial banks in Kenya. (10marks)
6. (a) Explain **five** factor that may influence the management of Kithina Limited Company in deciding on an ideal office layout. (8marks)  
(b) The following balances were extracted from the books of KyomeLeather Company for the year ended 31<sup>st</sup>

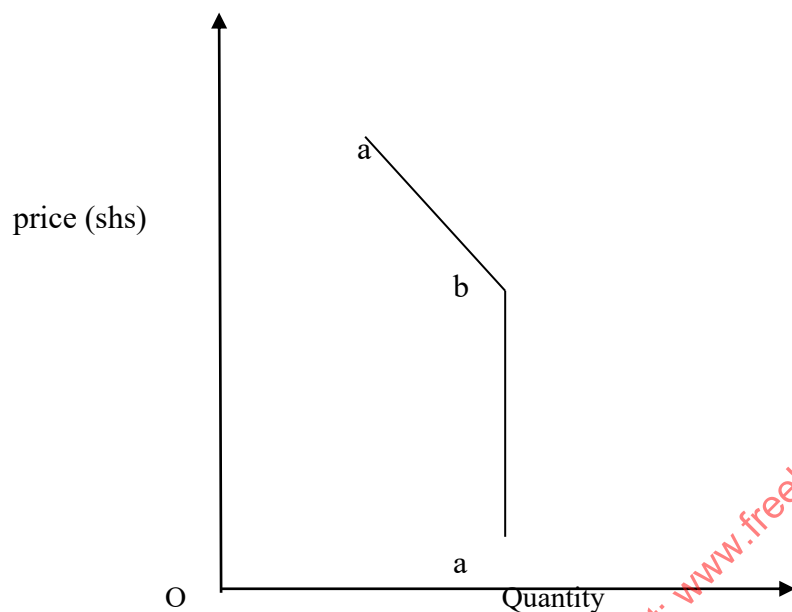
December 2010	
Carriage inwards	Kshs. 14,500.00
Purchases	Kshs. 240,000.00
Purchases returns	Kshs. 40,000.00
Sales	Kshs. 355,000.00
Stock 1/1/2009	Kshs. 45,000.00
Sales returns	Kshs. 15,500.00
Salaries	Kshs. 6,500.00
Electricity	Kshs. 5,900.00
Telephone	Kshs. 8,400.00
Rent	Kshs. 8,500.00
General Expenses	Kshs. 14,400.00
Stock 31/12/2010	Kshs. 6,300.00
Discount received	Kshs. 8,400.00
Carriage outwards	Kshs. 10,200.00
Discounts allowed	Kshs. 12,400.00
Insurance	Kshs. 15,400.00

**Required:**

Prepare the company's trading, profit and loss account for the year ended 31<sup>st</sup> December, 2010(12marks)

**COMPLIANT II**  
**565/1**  
**BUSINESS STUDIES**  
**PAPER 1**

1. Outline five disciplines incorporated in the business studies course (5marks)
2. State four characteristics of departmental stores (4marks)
3. List four types of partners in a partnership formed by professionals (4marks)
4. Highlight four factors that may cause a shift in supply curve to the left (4marks)
5. Use the diagram below to answer the questions that follow.



- a) Identify the market structure to which the diagram belong (1mark)
- b) Name the parts labelled (2marks)
  - i) "a".....
  - ii) "b".....
- c) State one reason why the price in the above diagram is rigid (1mark)
6. Outline three motives for liquidity preference (3marks)
7. State four consequences of poor arrangement of goods in a warehouse (4marks)
8. Complete the following table by filling in the blank spaces (4marks)

PROFIT	DRAWINGS	INITIAL CAPITAL	ENDING CAPITAL
SHS	SHS	SHS	SHS
a) _____	5000	200,000	250,000
b) 40,000	_____	350,000	380,000
c) 50,000	15,000	_____	400,000
d) 60,000	10,000	500,000	_____

9. The following cash book was prepared by unqualified book-keeper. Identify four errors made in it. (4marks)

<b>DR</b>				<b>CASH BOOK</b>				<b>CR</b>			
Date	Details	LF	Amount (shs)	Date	Details	LF	Amount (shs)				
2014				2014							
Jan 1	Bal b/d		100,000	Jan. 2	Sales		50,000				
Jan. 4	Wages		5,000	" 7	Purchases		4,000				
" 5	sales		25,000	" 10	Salaries		7,000				
				"12	Rent received		8,000				
				" 12	Bal c/d		61,000				
			<b>130,000</b>				<b>130,000</b>				
Jane. 12	Bal. b/d		<b>61,000</b>								

10. State four reasons why taxation is desirable in a country (4marks)
11. Basing your knowledge on financial ratios, complete the following table (4marks)

Opening stock	Closing stock	Net purchases	Cost of goods sold	Net sales	Gross profit	Average stock	R.O.S.T.O
a)	50,000	170,000	240,000	b)	300,000	c)	d)

12. Highlight four reasons why human wants may not be fully satisfied (4marks)
13. State four reasons that may make a firm to use competitive advertising (4marks)
14. Outline four circumstances under which a commodity may be distributed directly to the consumers (4marks)
15. State four challenges that a country with a young population experiences (4marks)
16. Identify the rewards of the following factors of production (4marks)

**FACTOR**

- a) Limestone  
b) Doctor  
c) Tractor  
d) Landlord

**REWARD**


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17. State four methods that the government of Kenya may use to protect its infant industries (4marks)
18. State four circumstances under which a firm would be located near the source of raw materials (4marks)
19. A car and a garage was insured for shs. 1,500,000 instead of shs. 2000, 000. Later the property was destroyed and a loss of shs. 1000,000 was suffered. Determine the amount of claim, giving a reason for your answer. (4marks)
20. Outline four features of a transport means that can be described as efficient (4marks)
21. Classify the following staff as under: Senior, Junior, or Subordinate (4marks)

**STAFF**

- a) Clerk  
b) Accountant  
c) Personal Secretary  
d) Messenger

**CATEGORY**


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22. Outline four roles of Kenya Bureau of standards in Consumer protection (4marks)
23. State four advantages of books of original entry (prime books) to a business (4marks)
24. Highlight four problems encountered when a development plan is to be implemented (4marks)



25. Give the long forms of the following abbreviations as used in National Income (4marks)
- a). NNP.....
  - b). NDP.....
  - c) GNP.....
  - d) GDP.....

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565/2

**BUSINESS STUDIES****PAPER 2****TIME: 2 ½ HOURS**

1.
  - a) Explain six contributions made by the insurance industry in the economy (12 marks)
  - b) Explain any four fiscal policy measures adopted by the government to control inflation (8 marks)
  
2.
  - a) Outline five benefits that would accrue to a country that encourages entrepreneurship (10 marks)
  - b) The following information relates to Kianyaga Stores for the year ended 31<sup>st</sup> December 2013
 

Opening stock	150,000
Closing stock	230,000
Bank	30,000
Cash	40,000
Current liabilities	500,000
Sales	920,000
Margin	25%
Expenses	15% of sales

  
 Determine:
    - i) Gross profit (2 marks)
    - ii) Cost of sales (2 marks)
    - iii) Mark-up (1½ marks)
    - iv) Purchases for the year (2 marks)
    - v) Net profit (2½ marks)
  
3.
  - a) A certain businessman needs to place an order with his suppliers. Explain to him any five factors that he should consider before choosing the appropriate means of communication (10 mks)
  - b) Explain five adjustments that need to be made in national income accounting when using the expenditure approach (10 marks)
  
4.
  - a) Outline four differences between perfect competition and monopolistic competition (8 marks)
  - b) Explain six ways in which the central bank acts as a banker to the government (12 marks)
  
5.
  - a) Explain five advantages of landscape office layout (10 marks)
  - b) Explain five errors that do not affect the balancing of a trial balance (10 marks)

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12. State four features of a monopoly market structure. (4marks)
13. Outline three considerations that a seller should take into account before giving credit facilities to a new customer. (3marks)
14. Outline four circumstances under which a manufacturer would prefer to sell his products directly to the consumers instead of selling through intermediaries. (4marks)
15. State four causes of unemployment in Kenya. (4marks)
16. State four benefits that a school would have by replacing a typewriter with a computer. (4marks).
17. State four characteristics which distinguish a public company from a partnership form of business. (4marks)
18. In each of the following cases state the type of inflation described. (4marks)

Description.	Type of Inflation
a) A rise in prices due to an increase in money supply.	
b) A rise in prices due to an increase in the prices of factors of production	
c) A rise in price due to buying expensive goods from foreign countries.	
d) A rise in price due to uneven growth in some sectors of the economy	

19. Give four reasons for the increased use of mobile phones to transfer money. (4marks)
20. The following information relates to Mutua traders for the year ended 31<sup>st</sup> December 2017.

	Shs.
Opening stock	60,000
Purchases	220,000
Sales	300,000
Profit Margin	15%
Closing stock	?

Prepare trading account for the year ended 31 December 2010.

(5marks)

21. The following balances were extracted from the books of Sammy traders for the month ended 31<sup>st</sup> July 2017.

	<u>Shs</u>
Sales	400,000
Purchases	300,000
Capital	420,000
Motor car	250,000
Equipment	100,000
Debtors	70,000
Creditors	50,000
Expenses	150,000

Prepare a Trial balance of Sammy traders for the month ended 31<sup>st</sup> July 2010.

(4marks)

22. A manufacturing company has been releasing toxic wastes into the nearby water bodies. Outline four measures consumers can take to reverse the situation. (4marks)
23. Outline four benefits to a business that uses its own warehouse. (4marks)
24. List four items that constitute injections in the circular flow of income. (4marks)
25. Outline four ways in which commercial attaches promotes trade between their country and trading partners. (4marks)

565/2

**BUSINESS STUDIES****PAPER 2****JULY 2018**

1. a. Discuss any five after sales services that a business man may offer to customers (10 marks)
- b. Explain five possible reasons why a consumer may prefer buying goods from a supermarket to a small scale shop. (10 marks)
2. a. Explain five benefits that a community may achieve in trade (10 marks)
- b. Explain five factors that may influence the level of National income of a country like Kenya (10 marks)
3. a. Describe five principles of co-operative society as a form of business organization (10 marks)
- b. Explain five demerits that may be associated with water transport (10 marks)
4. a. Discuss five circumstances under which an insured person may not be compensated in the event of a loss. (10 marks)
- b. Outline five benefits that may accrue to a business organization which uses e-mail to communicate (10 marks)
5. a. Describe five postal services that facilitate communication (10 marks)
- b. Given below is the balance sheet of Mambo Traders as at 1<sup>st</sup> June 2017.

**MAMBO TRADERS**  
**BALANCE SHEET**  
 As at 1<sup>st</sup> June 2017

Sh		Sh	
Equipment	160,000	Capital	272, 000
Stock of goods	90,000	creditors	40,000
Bank	52,000		
Cash	<u>10,000</u>		
	<u>312,000</u>		<u>312,000</u>

During the first week of June the following transactions took place in the business:  
 2017:

June 2: Mambo introduced additional funds into the business sh. 38,000

June 3: Purchased a motor vehicle from Mashalls Ltd worth sh. 200,000 on credit

June 5: Paid a creditor sh. 6000 cash

June 6: Sold goods on credit to Anita sh. 25,000

June 7: Bought equipments worth sh. 50,000 by cheque

Prepare the balance sheet of Mambo traders as at 7<sup>th</sup> June 2017 to record the above transactions (10marks)

6. a. Outline five reasons why Kenya has been unable to adequately exploit her natural resources (8 marks)
- b. On 1<sup>st</sup> March 2017 Staicy Enterprises had Ksh. 7,800 cash in hand and a bank overdraft of Ksh. 24,300.  
 During the month, the following transactions took place.

2017:

March 2: Cash sales paid directly into the bank sh. 165,000

March 4: Cash sales sh. 50,000

6: Bought goods for Ksh. 15,000 and paid by cheque

7: Bought goods on credit from Jane.

9: Received a cheque for sh 18,000 from Amollo

13: Paid insurance premiums sh. 16,000 in cash

15: Paid Kamotho by cheque sh. 9,700 after deducting 3% cash discount

21: Withdrew sh. 30,000 from a bank for office use

24: Received a cheque for ksh. 23,750 from Rotich having allowed him 5% cash discount

25: Paid wages in cash sh. 20,000

28: A cheque that was received from Amollo was dishonoured

30: Banked all the cash, except sh. 3,000

*Required:*

Prepare a three column cashbook and balance it off on 30<sup>th</sup> March 2017

(12 marks)

**GATUNDU SOUTH**  
**565/1**  
**BUSINESS PAPER 1 2018**

1. Identify **four** component of business studies 4mks
2. Likoni traders a newly established firm has constructed an office block. Outline **four** factors that will consider when deciding on type of office layout (4mks)
3. Highlight **four** circumstances in which land differs from labor as factor of production. 4mks
4. State **four** reasons that make it necessary for firms to maintain a healthy environment 4mks
5. state the documents used for the following functions 4mks
  - To inform a buyer that his or her account has been reduced by certain amount-----
  - To require a supplier to provide a particular service to a customer-----
  - To determine/ascertain the credit worthiness of customer-----
  - To show that transport has been hired to deliver specified good to a particular buyer-----
6. State the unit of carriage for the following modes of transport 4mks
  - (a) Portage -----
  - (b) Sea-----
  - (c) Railway -----
  - (d) Cartage -----
7. Highlight **four** main purpose of bill of landing in international trade 4mks
8. Give **four** characteristic of food as a basic human wants 4mks
9. Classify each of the following accounts in the table below as either real, nominal, or personal 4mks

	Account	classification
a	premises	
b	Rental income	
c	Debtor otieno	
d	Discount allowed	

10. Highlight the importance of the following ratios in business
  - (a) Markup and margin 2mks
  - (b) Working capital ratio 2mks
11. List **four** after sale services that a seller may offer to the buyer in order to create brand loyalty to a product. 4mks
12. The demand for oranges doubled in five months even though the price of oranges remained the same over the same period. State **four** factors that may account to this. 4mks
13. highlight **four** circumstances under which siren can be used in communication 4mks
14. Give four positive effect of creeping inflation in an economy. 4mks
15. highlight **four** ways in which the government engage itself in commercial activities
16. highlight **four** reasons why the government of Kenya levies taxes to her citizens 4mks
17. The following transactions were conducted by Ruiro enterprise in june 2017
  - June 8: credit purchases from Amos shs 10000 invoice number 087
  - June 15: credit sales to Marwa shs 2000 invoice number 458
  - June 20: Marwa returned goods worth shs 500 credit note number 234
  - June 26: business returned goods worth shs 3000 to Amos credit note number 567

**Required**

**Journalize the above transaction**

4mks.

18. Outline **four** problems associated with income approach in computation of national income of a country
19. Mention **four** contents of partnership deed of Juja and co. partners 4mks

20. JB traders had the following assets and liabilities as at 1<sup>st</sup> Jan 2014

Furniture shs 350000

Debtors 45000

Stock 25000

Cash 7500

Creditors 48000

For the year ended 31<sup>st</sup> Dec 2014 the following information was available

- Additional capital introduced was 24000
- Drawing made during the year were 1500 monthly
- Net profit was 34500

**Required Determine the capital as at 31<sup>st</sup> Dec 2014**

**5mks**

21. Outline **three** problems that are encountered during the implementation stage of development plan in less developed countries. 3mks
22. highlight **four** circumstances under which a manufacturer would prefer to sell goods directly to consumers without involving middlemen 4mks.
23. As a banker to commercial banks highlight **four** roles played by central bank of Kenya. 4mks
24. Differentiate between monopoly and monopolistic market structure 4mks
25. Joshua insured his vehicle against theft, later the vehicle was stolen in a parking bay. Outline the procedure he would follow when making insurance claim for his vehicle. 4mks

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**GATUNDU SOUTH**  
**565/2**  
**BUSINESS PAPER 2 2018**

1. (a) Explain five factors that an entrepreneur would consider before investing in a business opportunity (10mks)
- (b) Explain five circumstances under which a firm can acquire monopoly power (10mks)
2. (a) Explain five benefits that a member country may get from economic integration (10mks)
- (b) Outline the trends in product promotion (10mks)
3. (a) Outline five reasons why a farmer would choose to transport his produce by rail rather than road (10mks)
- (b) On 1<sup>st</sup> January 2010 Mutunga traders had Shs 130,000 cash in hand and bank credit balance of Shs. 134,000. During the month, the following transactions took place.

Jan 2, Cash sales Shs 215,000

Jan 5, A debtor settled his account of Shs. 800,000 by cheque less 5% cash discount

Jan 15, Paid salaries Shs 40,000 in cash

Jan 20, Settled creditors account Shs 80,000 by cheque less 2% cash discount.

Jan 24, Deposited Shs 100,000 into bank from office cash

Jan 25, Cash sales banked directly Shs 200,000

Jan 26, Withdrew Shs 760,000 for private use.

Jan 31, Banked all the cash except Shs 50,000

Required,

**Prepare three column cash book duly balanced.**

(10mks)

4. (a) Outline four demerits of progressive tax (8mks).
- (b) The following balances were extracted from the books of Bindii traders on 31/12/2017.

	Ksh
Land	4,64250,000
Sales	330,000
Opening Stock	35,000
Purchases	300,000
Commissions received	36,000
Carriage outward	30,000
Returns outwards	25,000
Carriage inwards	15,000
Returns inwards	10,000
Closing Stock	?
Debtors	65,500
Bank	200,000
Capital	783,250
Creditors	105,500
Cash	60,000

Additional information,

Margin stated at 20%

Prepare

- i) Trading profit and loss a/c for the year ended 31<sup>st</sup> Dec 2017 (8 Marks)
- ii) Balance sheet as at 31<sup>st</sup> Dec 2017. (4 Marks)
5. (a) Highlight five principles that guide the operations of a cooperative society (10mks).
- (b) With an aid of a well labeled diagram, explain the effect on the equilibrium price and quantity due to increase in demand and supply and supply respectively (10mks).
6. (a) Explain five monetary policies that can be used to control inflation (10mks).
- (b) Highlight five differences between a single shop and a tied shop (10mks).



**BUURI**  
**565/1/**  
**BUSINESS STUDIES**  
**PAPER 1**

1. Outline four factors that hinder entrepreneurship in Kenya. (4mks)
2. State four factors considered before offering credit facilities to customers. (4mks)
3. Mention four circumstances under which a manager of a company may use downward communication. (4mks)
4. Highlight four factors that a producer consider before choosing a channel of distribution. (4mks)
5. State four characteristics of goods. (4mks)
6. Identify four types of advertising. (4mks)
7. A house with a value of Ksh. 2,000,000 is insured for Ksh. 1,200,000 against fire. The value of the house destroyed by fire was Ksh. 1,000,000. Calculate the amount the insured was compensated after the loss. (4mks)
8. Outline four features of a savings account. (4mks)
9. Outline four reasons for differences in terms of trade between Kenya and United States of America. (4mks)
10. State the best types of machine one would use to perform the following tasks. (4mks)

Function	Types of machine
a) To trim papers to the required sizes	
b) To destroy sensitive but unwanted documents.	
c) To fold documents, put them in envelope and seal them.	
d) To create postage impression on the envelope.	

11. Mention four challenges that Kenya may encounter in developing planning at the formulation stage. (4mks)
12. List four problems of using expenditure approach in the calculation of national income. (4mks)
13. State the effects of the following transactions on the balance sheet totals. (4mks)

TRANSACTION	EFFECT
e) Paid creditors by cheque	
f) Sold goods on credit.	
g) Converted personal car for business use	
h) Deposited cash into bank.	

14. Outline four benefits that Mr. Kamau will get by being a member of capital SACCO. (4mks)
15. The following information relates to Meru traders for the year ended 31 December 2017. (4mks)
 

Sales	1,000,000.
Opening stock	100,000.
Closing stock	200,000.
Gross profits.	200,000

 Calculate rates of stock turnover. (4mks)
16. Mention four methods that determine the prices of commodities in the market apart from price mechanism. (4mks)
17. State four principles of public expenditure. (4mks)
18. Highlight four reasons why the Kenyan consumer organization have been ineffective in protecting consumer. (4mks)
19. Use the following information for Ngugi Wholesalers to prepare sales return day book. (4mks)

**2017**

November 1	Emily returned goods worth. Ksh. 1000.
November 10.	Nathan returned goods valued at Ksh. 900.
November 15.	Returned goods to Chris worth. Ksh. 500.
November 30.	Muthinja returned goods worth Ksh. 800.

20. Identify five steps taken in procuring an Insurance cover. (5mks)
21. State three factors within a business that may affect its performance. (3mks)
22. Record the following transaction in the relevant ledger accounts.  
2018.  
Jan. 1 started a business with Ksh. 100,000 at the bank.  
10. Bought goods valued at ksh. 2000 by cheque.
23. State four ways through which a firm may acquire a monopoly position. (4mks)
24. Kenya is one of the countries in the world that is experiencing unemployment problem. Identify four causes of this problem. (4mks)
25. State four differences between shares and debentures (4mks)

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565/2/

**BUSINESS STUDIES****PAPER 2****JULY/AUGUST 2018**

1. a) Explain five shortcomings of direct production. (10mks)  
b) Outline five differences between a co-operatives society and a private limited company. (10mks)
2. a) Explain five measures to undertake in order to increase efficiency of a warehouse. (10mks)  
b) Explain five benefits that would accrue to a business that expands its scale of operation. (10mks)
3. a) Explain four features of a monopoly. (8mks)  
b) The following trial balance belongs to wakili traders as at 30<sup>th</sup> June 2016.

**Wakili Tradres****Trial balance****As at 30<sup>th</sup> June 2016**

	Dr.	Cr.
Stock 30/06/15	4000	
Capital		162,300
Purchase and sales	35,000	70,000
Drawings	6,000	
Furniture and fittings	20,000	
Motor Vehicle	150,000	
Debtors and creditors	8,000	12,000
Returns	2,000	4,800
Discount	800	700
Wages and salaries	15,000	
Rent	3,500	
Insurance	2,100	
Commision	400	
Bank		3,000
Cash	6000	
	<u>252,800</u>	<u>252,800</u>

**Required**

- i) Prepare a trading profit and loss account and a balance sheet as at 30<sup>th</sup> June 2016. (12mks)
4. a) On 1<sup>st</sup> Jan 2017 Dona traders had, sh. 110, 000 in hand and 50,000(cr) Bank. During the month, the following transactions took place.

Jan.	2	Cash sales 40,000.
"	3	Paid postage expenses 4100 in cash.
"	5	Received the following cheques from debtors after they had deducted a cash discount of 2% in each case. Kamau Ksh. 2450, Laban Ksh. 9604 and Tugi Ksh 2774.
	9	Paid the following creditors in cash and in each case deducted 2% cash discount, Willy Ksh. 2000 and Yala Ksh. 6000.
	13	Cash sales directly baked Ksh 10,000.
	16	Took Ksh. 11,000 from the office and deposited in the business bank account.
	19	Sold goods worth Ksh. 18000 on credit to Kiyoma.
	21	Received Ksh.18000 cash from Oman in settlement of his account of Ksh. 20,000.
	26	Took oil cash to the bank leaving Ksh.4000 only.

**Required :** Prepare a duly balanced three column cashbook.

- b) Explain five characteristics of a life assurance policy. (10mks)
5. a) State and explain five emerging trends in the Banking industry. (10mks)  
b) Explain five negative effects of rapid population growth. (10mks)
6. a) Explain five reasons why a country would carry out development planning before undertaking its projects. (10mks)  
b) Explain five benefits of adopting the use of an open office layout. (10mks)

**CEKENA**  
**BUSINESS STUDIES**

**565/1**

**JULY/AUGUST**

1. Highlight four ways in which Kenya may benefit from its natural resources endowment. (4mks)
2. Outline four ways in which commerce satisfies human wants. (4mks)
3. The following information was extracted from the books of Sarai Traders for the year ended 30<sup>th</sup> April 2003.

	Shs.
Sales	480,000
Stock (1.05.13)	80,000
Stock (30.04.14)	120,000

Profit margin is calculated at 25%

Calculate the rate of stock turnover.

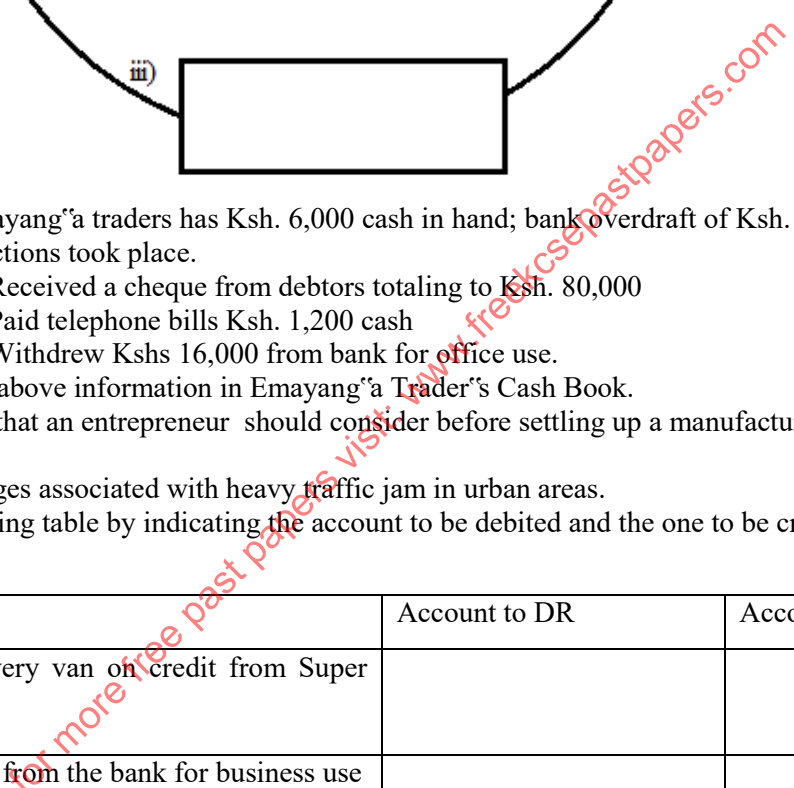
4. Outline four circumstances under which a producer may not require a large warehouse (4mks)
5. Highlight four money transfer services offered by commercial banks. (4mks)
6. Highlight four measures taken by producers to ensure consumers are protected when using their products (4mks)
7. Outline four circumstances that allow existence of monopolies in a country. (4mks)
8. In the absence of the Partnership Deed, the provisions of the Partnership Act of the Laws of Kenya applies. Outline four stated provisions. (4mks)
9. The demand curve for personal cars/vehicles in Kenya has in the recent times shifted to the right. Give four possible reasons for this. (4mks)
10. The table below shows the source documents and their corresponding books of original entry. Identify the correct one in each case.

Source Document	Book of Original entry
i) Incoming invoice	
ii) Outgoing receipt	
iii) Incoming Credit Note	
iv) Outgoing Credit Note	

11. Outline four characteristics of direct production. (4mks)
12. Indicate in the table below the most appropriate office machine one would use to handle the following situations. (4mks)

Office Situation	Most appropriate machine
a) Need to produce twenty copies of exams analysis for a meeting in session	
b) Cutting unwanted document into tiny pieces to avoid such document getting into the wrong hands	
c) For printing postage impressions on envelopes	
d) For trimming documents into required shapes and sizes.	

13. State four factors that an insurance company may consider when determining the premiums to be charged for an insurance cover. (4mks)
14. Outline four drawbacks met when comparing standards of living in different countries. (4mks)
15. Identify four barriers to effective communication. (4 mks)
16. Taxation is a main source of public finance. Highlight four factors that come in play to determine the amount of revenue collected by any country using it. (4mks)
17. Below is a vicious circle of poverty caused by a RAPID POPULATION GROWTH. Fill in the missing spaces (4mks)



- iii)
- Emayang'a traders has Ksh. 6,000 cash in hand; bank overdraft of Ksh. 10,000. The following transactions took place.
- Received a cheque from debtors totaling to Ksh. 80,000
- Paid telephone bills Ksh. 1,200 cash
- Withdrew Kshs 16,000 from bank for office use.
- Record the above information in Emayang'a Trader's Cash Book.
- What should an entrepreneur consider before settling up a manufacturing business?
- Discuss the advantages associated with heavy traffic jam in urban areas.
- Explain the importance of a T-account in recording transactions in a ledger by indicating the account to be debited and the one to be credited.
- |   | Account to DR | Account to CR |
|---|---------------|---------------|
| Delivery van on credit from Super         |               |               |
| Withdrawal from the bank for business use |               |               |

iii)

Emayang'a traders has Ksh. 6,000 cash in hand; bank overdraft of Ksh. 10,000. The following transactions took place.

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What should an entrepreneur consider before settling up a manufacturing business?

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Explain the importance of a T-account in recording transactions in a ledger by indicating the account to be debited and the one to be credited.

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Withdrawal from the bank for business use		

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	Account to DR	Account to CR
Delivery van on credit from Super		
Withdrawal from the bank for business use		

- i) Cost of goods sold
- ii) Percentage of gross profit on net sales (4mks)

23. On the table given, indicate the appropriate type of advertising method used. (4mks)

**Description**

**Type**

- |   |   |
|---|---|
| i) To promote a particular brand of a product | - |
| ii) To persuade a customer to buy a product   | - |
| iii) Creating awareness about a product       | - |
| iv) To promote the name of a company          | - |
24. Keith owned a motor vehicle valued at Sh. 2,000,000. He comprehensively insured the car at Sh. 1,200,000. The motor vehicle was involved in an accident and declared a write off. Calculate the amount Keith should get from the insurer. (4mks)
25. State four negative effects of unemployment. (4mks)

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**CEKENA**  
**BUSINESS STUDIES**  
**565/2**  
**JULY/AUGUST**

1. a) Describe five roles of an office as a centre of communication. (10mks)  
 b) Discuss five ways of dealing with public debt. (10mks)
  2. a) Discuss five business considerations made by an entrepreneur when evaluating a business opportunity (10mks)  
 b) Explain five causes of balance of payment deficit in a country. (10mks)
  3. a) Describe five circumstances in which human portage is appropriate as a means of transport. (10mks)  
 b) Use the following transactions to prepare a 2 column cash book. (10mks)
 

Jan. 1 :	Started business with 50,000 cash	
Jan 3 :	Transferred 30,000 cash to bank	
Jan 4 :	Bought goods worth 20,000 by cheque	
Jan 6 :	Received cash 40,000 from debtors	
Jan 7 :	Sold stock worth 10,000 receiving payment by cheque	
  4. a) The following balances relate to Moto Enterprises as at 31 December 2016
 

Land and building	1,500,000
Stock (1.1.16)	60,000
Purchases	740,000
Stock (31.12.16)	54,000
Return inwards	15,000
Return outwards	18,000
Discount received	10,000
Rent and rates	20,000
Advertising	42,000
Sales	1,700,000
Water and lighting	28,000
Salaries	56,000
Commissions paid	13,000
Carriage inwards	60,000
- Required:* Moto Enterprises Trading and profit and loss account for the year ended 31<sup>st</sup> December 2016.
- b) i) Using a well labeled diagram illustrate price and output determination in an oligopoly market structure. (8mks)  
 ii) Account for price rigidity in this market structure (2mks)
  5. a) Explain five reasons for raising finances through sale of ordinary shares instead of debentures (10 mks)  
 b) Highlight five differences between Central Bank and Commercial Banks (10 mks)
  6. a) Discuss five problems which a country can face when implementing a development plan. (10 mks)  
 b) Explain five circumstances in which an insurer may refuse to insure an applicant. (10 mks)

**WESTSCENT EXAMINATION**

565/1

**Business Studies****Paper 1**

1. Outline four measures the government of Kenya should put in place to prevent brain drain. (4mks)
2. As an external environment give four ways on how economic factor influences the operation of a business. (4mks)
3. Outline four factors to be considered in order to construct a consumer price index. (4mks)
4. State four benefits of using social media in promoting a product. (4mks)
5. The following information relate to Odanga Traders for the year ended 31<sup>st</sup> December 2017.

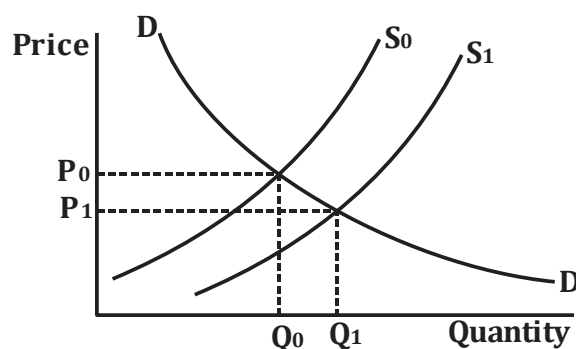
Sales	2,000,000
Current Assets	5,000,000
Fixed Assets	650,000
Net Profit	300,000
Current Liabilities	650,000
Closing Stock	100,000
Opening Stock	200,000
Gross Profit margin was	20%

Calculate:

- i) Current Ratio (1mk)
- ii) Gross Profit mark up (1mk)
- iii) Rate of stock Turn over (1mk)
- iv) Capital employed (1mk)
6. Outline circumstances under which a trader would use porters to transport goods. (4mks)
7. State four importance of financial Ratio. (4mks)
8. Highlight four reasons why interest is charged on borrowed capital. (4mks)
9. Outline four uses of an invoice to a seller of goods. (4mks)
10. Give four reasons why Kenyan government restricts imports. (4mks)
11. The following balances were extracted from the books of Onkwani on 31<sup>st</sup> December 2017.
 

Capital ksh.	240,000
Investment during the year ksh	100,000
Monthly drawings ksh.	10,000
Profit per year ksh.	76,000

 Calculate initial capital. (4mks)
12. Give four reason why monopoly may not be popular to most economies in Africa. (4mks)
13. The following illustration was taken from the operations of K & X metal workshop. State four causes of the shift indicated. (4mks)



14. State four causes of balance of payment surplus. (4mks)
15. State four way in which the stock of a business may change. (4mks)
16. Identify four long chains of distribution not popular to the buyers. (4mks)
17. On 1<sup>st</sup> May 2018, David bought goods on credit quoted at Ksh. 200,000. Terms of sale were 20% trade discount



and 10% cash discount if payment was made on 28th/5/2018. Calculate the amount paid if payment was made on 27<sup>th</sup>/5/2018. (4mks)

18. Identify four features of the economic union as a form of economic integration. (4mks)
19. After his KCSE examination, Osoro was advised to start operating a tied shop rather than a unit shop. Give four reasons for this advice. (4mks)
20. State four circumstances in which the nature of goods would influence the choice of transport means. (4mks)
21. Outline four benefits of money transfer service using a mobile phone. (4mks)
22. Differentiate between the following terms:
  - i) Economic growth and economic development. (2mks)
  - ii) E-mail and E-commerce. (2mks)
23. Highlight four circumstances under which the manager of Wangu Trader may prefer to talk to his workers verbally instead of writing them a message. (4mks)
24. Outline four types of ledgers that a business dealing with goods is likely to maintain. (4mks)
25. You have been appointed as the public relations officer in a well-to-do company. Disclose four duties you will be under-taking. (4mks)

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565/2

**BUSINESS STUDIES**

Paper 2

July/August 2018

**Answer five questions**

1 a) Explain five factors that may lead to business mergers. (10mks)

b) Give five differences between a bonded warehouse and a free warehouse. (10mks)

2 a) The following transactions took place during the month of April 2018 in Otoy traders.

April

1<sup>st</sup> Started business worth Ksh. 150,000 deposited into the bank Account.

2<sup>nd</sup> Bought machine worth Ksh. 8,000 and paid by cheque.

8<sup>th</sup> Received Ksh. 6,500 from Karis who owed Ksh 7,000 in full settlement of the account.

12<sup>th</sup> Withdrew Ksh. 20,000 of which 15,000 was for office use and the rest was to pay for his son's medical bill.

15<sup>th</sup> Paid Ochieng Traders account in cash of Ksh. 10,000 at a 10% cash discount.

25<sup>th</sup> He bought equipment for 18,000 and paid by cheque.

26<sup>th</sup> He made cash sales paid directly to the bank account worth 15,000.

26<sup>th</sup> Made credit sales amounting Ksh. 7,500.

27<sup>th</sup> Paid Okongo a creditor in cash Ksh. 3,200 in full settlement of his account of Ksh 3,500.

30<sup>th</sup> Banked all the money except Ksh. 2,000.

**Required**

Enter the above transactions in relevant cash book and balance it off. (10mks)

b) Explain five advantages of M-Banking. (10mks)

3 a) In the recent past the country of Rwanda has been very keen in joining the East Africa Community. Explain five benefits that Rwanda may enjoy by being a member of East Africa Community. (10mks)

b) Explain five types of unemployment that the government of Kenya may be required to address. (10mks)

4 a) Explain the procedure for personal selling. (10mks)

b) Omari Traders had the following assets and liabilities balances on 31<sup>st</sup> December 2017.

Capital 15,100

Bank 6,000

Debtors 2,000

Prepaid Electricity 600

Cash 3,000

Creditors 1,500

Outstanding salaries 15,000

Equipment 20,000

**Required**

i) Prepare a general journal to record the transaction. (8mks)

ii) Post the transactions to the relevant ledger accounts. (10mks)

5 a) Some taxes are imposed directly on taxpayers' income. Explain five of such taxes. (10mks)

b) Explain five limitations of a trial Balance. (10mks)

6 a) Explain five ways by which an entrepreneur contributes to the production of goods and services. (10mks)

b) The following information relates to Nyaroo Traders for the year 2017.

Net Sales ksh. 320,000

Margin 20%

Expenses 35,000

Rate of stock turnover 6 Times

Capital ksh. 180,000

From the information above, determine.

i) Gross Profit (2mks)

ii) Cost of goods sold (2mks)

iii) Net Profit (2mks)

iv) Average Stock (2mks)

v) Rate of return on capital (2mks)

**KANGEMA**  
**BUSINESS STUDIES**  
 Paper 1

1. Highlight four ways in which a firm can improve productivity of its human resources. (4 marks)
2. Outline four possible consequences of poor arrangement of goods in a warehouse. (4 marks)
3. There are missing figures in the table below. (4 marks)

	FA	CA	C	L
a)	275,500	W	315,000	115,500
b)	182,000	108,700	X	217,100
c)	Y	76,400	123,100	91,900
d)	313,450	211,340	189,170	Z

Calculate :W,X,Y & Z

4. State four reasons why consumers have to make a choice when satisfying competing wants. (4 marks)
5. State four factors that would influence the amount of money that an individual may hold for transaction purposes. (4 marks)
6. Outline four circumstances under which an insurance company may refuse to compensate the insured in times of loss. (4 marks)
7. State four errors that may not affect the balancing of a trial balance. (4 marks)
8. Outline four functions of the Kenya Bureau Of Standards (KEBS). (4 marks)
9. The information given below was extracted from the books of Kambo Traders on 31<sup>st</sup> May 2016.

	Kshs
Purchases	260, 000
Opening stock	75, 000
Carriage on purchases	12, 500
Closing Stock	27, 500

Goods were sold at a margin of 25%.

Using the information provided above, prepare Kambo trading account for the period ended 31<sup>st</sup> May 2016.

10. Outline four differences between a monopoly and a monopolistic competition. (5 marks)
11. Name any three equipment that are used in document reproduction in an office. (4 marks)
12. Outline four reasons why savings and credit Co-operative Societies are becoming very popular in Kenya today. (3 marks)
13. Name the documents described by the statements given below as used in International trade. (4 marks)
  - a. Requests for payment before goods are delivered. ....
  - b. Shows ownership or title of imported goods.....
  - c. Show the country of manufacture of goods.....
  - d. Show the transport charges for goods.....
14. The following balances of assets and liabilities were provided by Njogu Enterprises on 31<sup>st</sup> December 2017.

	Shs.
Bank overdraft	160, 000
Land	400,000
Accrued Electricity bill	100,000
Stock	20,000
Debtors	40,000

Drawing of Shs 4,000 were made every month during the year. Prepare a balance sheet as at 31<sup>st</sup> December 2017.

15. Mention four non– tax internal sources of revenue to the government. (4 marks)
16. A business opportunity may exist where there are certain gaps in the market.. Highlight four such gaps. (4 marks)

17. Outline four circumstances under which a trader may choose to transport his goods by air. (4 marks)
18. State four uses of National income statistics. (4 marks)
19. Highlight four features of mail order shops in home trade. (4 marks)
20. Outline four reasons why a firm may choose to remain small. (4 marks)
21. State four limitations of using internet as a means of communication despite its popularity in the world today. (4 marks)
22. Distinguish between the following terms as used in population.
  - a. Immigration and emigration. (2 marks)
  - b. Declining population and under population. (2 marks)
23. Outline four reasons why ethical practices are necessary in product promotion. (4 marks)
24. Highlight four problems that Kenya may experience in implementing its development plans. (4 marks)
25. List four factors that can cause demand pull inflation. (4 marks)

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565/2

**BUSINESS STUDIES****Paper 2****Answer any FIVE questions.**

1. a. Describe any five features of economic resources. (10 marks)
- b. Explain five disadvantages that a country may experience from imposing trade restrictions on trading partners. (10 marks)
2. a. Explain five differences between a public cooperation and a private limited company. (10 marks)
- b. The following information was extracted from the books of Kema traders as at 31st Dec 2009

Bank Loan	567 000
Bank Loan interest	1 440
Capital	1 680 000
Closing stock	87 000
Creditors	272 400
Debtors	140 280
Discount allowed	170 400
Electricity	30 240
Furniture	489 804
Furniture repairs	86 436
Gross profit	624 720
Maintenance on premises	72 000
Motor vehicle	1 080 000
Motor vehicle maintenance	360 000
Premises	648 000
Rent received	144 000
Sundry expenses	122 520

Prepare :

- i. Profit and loss account for Kema traders for the year ended 31<sup>st</sup> Dec 2009.
- ii. Balance sheet as at 31<sup>st</sup> Dec 2009. (10 marks)
3. a. Highlight five problems encountered when measuring the national income of a country. (10 marks)
- b. Explain five limitations a business that relies on the use of motor cycle transport is likely to encounter. (10 marks)
4. a. Explain five qualities of a successful salesperson. (10 marks)
- b. With the aid of a well labelled diagram, explain the effects on the equilibrium of an increase in the supply of carrots while the demand remains constant (10 marks)
5. a. On 1st June 2014, Kinjua had Shs. 110, 000 cash and Shs. 500, 000 at bank. During the month the following transactions took place;

June 2	: Cash sales banked sh. 70, 520
June 5	: Bought furniture in cash sh 9000
June 10	: Paid Joshua, a creditor sh. 188 000 by cheque in full settlement of his account after deducting 6% cash discount.
June 12	: Received a cheque of sh117, 600 from Juma after allowing him a cash discount of sh. 2,400.
June 15	: Paid salaries sh. 68 000 cash.
June 20	:Withdrew sh. 100, 000 from bank for office use.
June 29	:Awino, a debtor paid her account of sh. 150 000 by cheque less 10% cash discount
June 30	:Deposited all the cash in to the bank except sh. 27 400.

- Required* : Prepare a three column cash book and balance it off. (10 marks)
- b. Explain five benefits that would accrue to a country that encourages entrepreneurship. (10 marks)
6. a. Using a suitable diagram, explain the habits of sellers in an oligopoly market. (10 marks)
- b. Outline five features of an efficient tax system. (10 marks)

**KIGUMO**  
**BUSINESS STUDIES PAPER I**  
**565/1**

1. State **four** occupations that a person may engage in in the secondary level of production. (4 mks)
2. The computer is fast overtaking the typewriter as equipment for producing documents in an office. Outline **four** reasons that may account for this. (4 mks)
3. Highlight **four** circumstances under which payment in cash may be preferred to payment by cheque (4 mks)
4. Give **four** reasons that account for the need for consumer protection. (4 mks)
5. Highlight **four** benefits of delocalization of business enterprises in Kenya. (4 mks)
6. Indicate the effect of each of the following transactions on assets, liabilities and capital by putting a (+) for increase, a (-) for decrease and (NE) for no effect. (4 mks)

	Transaction	Assets	Liabilities	Capital
i.	Paid outstanding rent expenses sh. 5000 in cash.			
ii.	Withdrew sh. 35,000 from the bank for personal use.			
iii.	Bought furniture worth 70,000 on credit from Kaptei Traders.			
iv.	Converted a personal vehicle valued at sh.200,000 into business asset.			

7. State **four** differences between a partnership and sole proprietor form of business. (4 mks)
8. List **four** ways in which the government may control inflation. (4 mks)
9. Highlight **four** factors that may lead to low level of national income. (4 mks)
10. On 1<sup>st</sup> May 2017 Nyanja owed Ndegwa sh. 50,000. The owing transactions took place during the month.  
 May 9: Credit sale to Nyanja sh.40,000.  
 May 20: Nyanja returned goods worth sh. 3,000 to Ndegwa.  
 May 29: Nyanja paid sh.85,000 by cheque in full settlement of his account.  
 Prepare Nyanja's account in the books of Ndegwa. (4 mks)

11. The table below shows the quantity demanded of commodity X per month by consumers P and Q.

Price per unit (shs.)	Quantity demanded by P	Quantity demanded by Q
100	120	200
80	180	250
65	250	350
40	350	500

- State **four** reasons why Q demands more of commodity X at every price than P. (4 mks)
12. Highlight **four** benefits of advertising to a consumer. (4 mks)
13. Outline **four** measures that can be taken to safeguard the organisation's property. (4 mks)
14. Highlight **four** factors that may limit development of international trade. (4 mks)
15. Highlight **four** micro-environmental factors that may positively affect the performance of a business. (4 mks)
16. State **four** circumstances under which a business may prefer to transport goods by air. (4 mks)
17. Highlight **four** qualities needed for a commodity to function as money. (4 mks)
18. State **four** circumstances under which capital of a business may change. (4 mks)
19. Outline **four** factors that are likely to cause a deficit in balance of payments. (4 mks)
20. Highlight **four** reasons why it is necessary to have intermediaries in the distribution chain. (4 mks)
21. State **four** ways in which consumers would suffer if there were no warehousing facilities. (4 mks)
22. Highlight **four** reasons that may make planning difficult in developing countries. (4 mks)
23. J. Chomba had the following assets and liabilities on 1<sup>st</sup> January 2016.

	Shs.
Motor Vehicles	400,000
Debtors	36,000
Bank	16,500
Stock	52,000
Bank Loan	38,500

For the year ended 31<sup>st</sup> December 2016, the following information was available;

- (i) Additional capital shs.5000.
- (ii) Drawings; cash shs 20,000, stock 15,000.
- (iii) Net loss shs. 68,480.

Calculate capital on 31<sup>st</sup> December 2016. (4 mks)

24. Outline **four** challenges that may face a country that is made up of a large proportion of young people. (4 mks)
25. State **four** reasons that justify the provision of essential services by the state instead of leaving them to the private sector. (4 mks)

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**KIGUMO**  
**FORM 4 BUSINESS STUDIES**  
**PAPER 2**

1.
  - a) Explain **five** principles of a good tax system. (10 mks)
  - b) With the aid of a diagram, explain the circular flow of income in a two sector economy. (10 mks)
2.
  - a) Explain **five** measures that the government of Kenya can employ to reduce the amount of money in circulation. (10 mks)
  - b) Explain **five** ways through which the government may create an enabling environment. (10 mks)
3.
  - a) Explain **five** benefits that Kamau would get by joining Korocho SACCO. (10 mks)
  - b) Explain **five** reasons why businessmen observe ethical practice. (10 mks)
4.
  - a) Explain **five** factors that one would consider when choosing a method for product promotion. (10 mks)
  - b) On January 2018, Mbogo Traders had shs 40,000 in cash and a bank overdraft of shs16,200. During the month of following transactions took place.

**January**

- 3<sup>rd</sup> : Bought goods in cash worth shs17,500.
- 4<sup>th</sup> : Received from Tembo a cheque of shs14,250 after allowing 5% cash discount.
- 8<sup>th</sup> : Mando, a debtor settled his account of shs17,000 by a cheque of shs16,500.
- 10<sup>th</sup> : Withdrew shs7,200 from the bank for personal use.
- 14<sup>th</sup> : Sales amounted to shs22,450 in cash.
- 18<sup>th</sup> : Paid Simba traders shs28,500 in cash in full settlement of their account less 5% cash discount.
- 20<sup>th</sup> : Withdrew shs4,000 from the bank for business use.
- 22<sup>nd</sup> : Kunguru, a debtor, settled her account of shs40,000 by cheque less 1.5% cash discount.
- 26<sup>th</sup> : Paid wages shs12,000 in cash.

**Required:**

Prepare a duly balanced three column cashbook. (10 mks)

5.
  - a) In the last one year apple supply in Murang'a has been on rise. Explain **five** factors that would have lead to this trend. (10 mks)
  - b) Explain **five** demerits of free trade. (10 mks)
6.
  - a) Explain **five** benefits of using electronic filing system. (10 mks)
  - b) The following information relates to Kipruto Enterprises as at 31<sup>st</sup> December 2017.

	Sh
Motor vehicle	146,500
Office equipment's	120,000
Drawings	12,000
Capital	200,000
Stock	68,000
Net profit	82,000
Bank loan	80,000
Debtors	86,000
Cash in hand	6,000
Creditors	50,000
Bank overdraft	26,500

**Required**

- (i) Prepare Kipruto's balance sheet (6 mks)
- (ii) Calculate
  - a) Working capital (2 mks)
  - b) Borrowed capital (1 mk)
  - c) Current ratio (1 mk)



**MURANGA SOUTH**  
**465/1**  
**BUSINESS STUDIES**  
**PAPER 1**

1. Identify the business activity for the following descriptions. (4 marks)
  - (a) Involves conversion of raw materials into more useful products
  - (b) Process of moving goods and services from the producer to the consumer
  - (c) Involves human acts such as entertaining, acting hairdressing
  - (d) Obtaining of goods from their natural environment
2. State four circumstances under which a cheque may be dishonored. (4 marks)
3. The following information relates to Kyalo's traders as at 31<sup>st</sup> December 2010.

Details	Shs.
Total drawings	400,000
Added investments	800,000
Capital (31 <sup>st</sup> December 2010)	7,000,000
Profit	3,100,000

- Calculate Kyalo's initial capital. (4 marks)
4. Name the documents described by the statements given below as used in international trade. (4 marks)
  - (a) Requests for payment before goods are delivered \_\_\_\_\_
  - (b) Shows ownership or title of goods imported \_\_\_\_\_
  - (c) Shows the country of manufacture of goods \_\_\_\_\_
  - (d) Shows the transportation charges for goods \_\_\_\_\_
5. State four characteristics of economic resources. (4 marks)
6. Highlight four disadvantages of long chain of distribution to a buyer. (4 marks)
7. Outline four benefits that would accrue to a businessman who uses liner rather than a tramp steamer. (4 marks)
8. State four services offered by cooperative bank of Kenya to its members.
9. State four benefits of SACCOs to its members. (4 marks)
10. The following transactions took place in the business of Lucky Three Co. Ltd. In the first week of January 2010.
  - Jan 1 : Balance b/d shs.24,000 cash in hand and shs.14,000 at bank.
  - Jan 2: Received a cheque from the sale of goods shs.20,000
  - Jan 3: Sold an old motor vehicle, receiving shs.70,000 cash.
  - Jan 4: Withdrew from bank shs.3,000 for personal use.
  - Jan 5: Transferred all cash to the bank, leaving a balance of shs.2,000 only.
 Enter the above transactions in a two column cash book and balance it. (4 marks)
11. Highlight four ways in which an organization's property are safeguarded and controlled. (4 marks)
12. The following information was extracted from the books of Mira Traders.

	Shs.
Opening stock	160,000
Closing stock	200,000
Rate of stock turnover	3 times
Mark up	20%

Required

- (i) Gross profit (2 marks)
- (ii) Sales (2 marks)
13. Highlight four measures that a government may take to reduce the mortality rate in a country. (4 marks)
14. Highlight four risks owners of a supermarket may insure against. (4 marks)
15. Highlight four ways in which consumers may protect themselves against exploitation by traders (4 marks)
16. Outline four ways in which the government expenditure may stabilize the economy of a country. (4 marks)
17. Identify the types of wholesalers described in the statements given below. (4 marks)
  - (a) A wholesaler who trades in a wide variety of human medicine.
  - (b) A wholesaler who trades in beans only

- (c) A wholesaler who buys oranges from farmers in rural areas and sells them to other wholesalers in urban areas
- (d) A wholesaler who supplies goods to western parts of Kenya
18. Highlight the various types of after sale services that can be used for product promotion. (4 marks)
19. Currently there has been a general rise in prices of consumer goods and services in Kenya. Outline four negative effects of this trend. (4 marks)
20. The following ledger accounts appeared in the ledger book of Hodari Ltd. (4 marks)

Dr. Purchases A/C			Cr.		
2/1/05	Creditors	50,000			
10/1/05	Bank	5,000			
<hr/>					
Dr. Bank A/C			Cr.		
4/1/05	Capital	45,000	8/1/05	Creditors	10,000
			10/1/05	Purchases	5,000
<hr/>					
Dr. Creditors A/C			Cr.		
8/1/05	Bank	10,000	2/1/05	Purchases	50,000

From the above ledger accounts, state the transactions which took place on the following dates. (4 marks)

- (a) 2/1/05
- (b) 4/1/05
- (c) 8/1/05
- (d) 10/1/05
21. Highlight four ways in which a warehouse is useful to a manufacturer. (4 marks)
22. Outline four measures the central bank may put in place to reduce the amount of money in circulation. (4 marks)
23. Outline four circumstances under which cash with order may be used. (4 marks)
24. State four ways through which the government can ensure clean environment. (4 marks)
25. Highlight four characteristics of an oligopoly market structure. (4 marks)

465/2

**BUSINESS STUDIES  
PAPER 2**

1.
  - (a) Karimi started a canteen two years ago, but failed one year later. Give **five** reasons which could have caused this. (10 mks)
  - (b) Explain **five** circumstances under which a country may restrict international trade. (10 mks)
2.
  - (a) Explain **five** ways of making face to face communication effective. (10 mks)
  - (b) Explain **five** uses of national income statistics to a country. (10 mks)
3.
  - (a) Karanja owns a bakery in Kitale town. Explain **five** ways why he carried out division of labor in the process of baking bread in his factory. (10 mks)
  - (b) The following trial balance was extracted from the books of Kisumu Auto Spares as at 31<sup>st</sup> December 2016.

**Kisumu Auto Spares  
Trial Balance  
As at 31<sup>st</sup> December 2016**

Details	Dr. Shs.	Cr. Shs.
Capital		400,000
Purchases / sales	200,000	600,000
Debtors / creditors	20,000	60,000
Returns	25,000	15,000
Discounts	6,000	8,000
Carriage inwards	6,500	
Carriage outwards	15,000	
Salaries	10,000	
Stock (1.1.16)	18,000	
Motor vehicles	400,000	
Furniture	150,000	
Rent (house)	49,000	
Commission allowed	50,000	
Advertising	43,500	
Commission received		10,000
	<b>1,093,000</b>	<b>1,093,000</b>

**Additional Information**Stock on 31<sup>st</sup> December 2016 Shs. 20,000**Required**

4. Prepare trading and loss account for the year ended 31<sup>st</sup> December 2016. (10 mks)
  - (a) Give **five** differences between a private company and a public corporation. (10 mks)
  - (b) Makueni County has located fruit processing factory at Kalamba. Explain **five** factors that were considered in locating the firm. (10 mks)
5.
  - (a) Explain **five** reasons for which trader observe ethical practice in product promotion. (10 mks)
  - (b) The following books of original entry relate to Huruma Traders for the month of April 2017.

**Purchases Journal**

Date	Details	Amount
<b>2017</b>		<b>Shs.</b>
April 5	Jahazi traders	340,000
16	Samba traders	220,000
30	Total	<u>560,000</u>

**Sales Journal**

<b>Date</b>	<b>Details</b>	<b>Amount</b>
<b>2017</b>		<b>Shs.</b>
April 2	Harico wholesalers	849,000
8	Njamaa traders	1,250,000
30	Total	<u>2,099,000</u>

**Sales Return Journal**

<b>Date</b>	<b>Details</b>	<b>Amount</b>
<b>2017</b>		<b>Shs.</b>
April 15	Harico wholesalers	9,500
20	Njamaa traders	25,000
30	Total	<u>34,500</u>

**Purchases returns journal**

<b>Date</b>	<b>Details</b>	<b>Amount</b>
<b>2017</b>		<b>Shs.</b>
April 12	Jahazi traders	5,000
24	Samba traders	1,500
30	Total	<u>6,500</u>

**Required**

Post the above information to the relevant ledger accounts.

(10 mks)

6.

- (a) Explain **five** reasons why the government may find it necessary to impose tax. (10 mks)
- (b) Using a well labeled diagram, illustrate the effects of an increase in supply on equilibrium price and quantity. (10 mks)

**KURIA EAST****565/1****BUSINESS STUDIES**

1. Identify **four** importance of learning business studies to the state (4mks)
2. Identify **four** ways in which a firm can help in environmental conservation (4mks)
3. State **four** new developments in office management (4mks)
5. Outline **four** channels Angels cyber may use when purchasing computers from Topstech companies in Japan. (4mks)
6. Identify **four** aspects of a healthy business environment (4mks)
7. The following information was extracted from Mwambia traders as at 30<sup>th</sup> December 2017

Sh	
Furniture	220,000
Debtors	140,000
Premises	300,000
Machinery	300,000
Cash	10,000
Bank overdraft	110,000
Creditors	30,000

- Calculate capital for Mwambia traders Ltd. As at 30<sup>th</sup> December 2017. (4mks)
8. Distinguish between the following terms; (4mks)
  - a) Material and non-material goods
  - b) Free and economic goods
9. State **four** circumstances under which the state would privatize a state-owned enterprise (4mks)
10. Highlight **four** features of a re-insurance company (4mks)
11. Highlight **four** circumstances under which upward communication can be used in an organization (4mks)
12. The following information relates to Rwimbah Traders LTD. In the year ended 31/12/2017.

Net profit	65,000
Additional capital	150,000
Closing capital	350,000

- If the opening capital was sh. 191,000 determine the drawings for the year (4mks)
13. Highlight **four** reasons for drawing the population structure in an economy (4mks)
14. Highlight **four** ways through which the state is putting in place to bring security to the matatu transport sector (4mks)
16. Fill in the relevant characteristics of an entrepreneur to the description given.

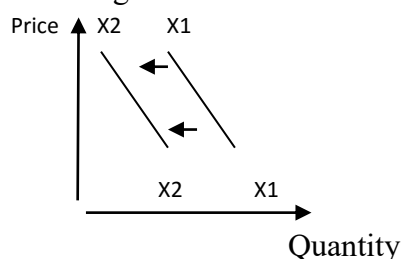
Description	Characteristic
a) Struggles with determination to solve problems	
b) Aggressive in implementing ideas	
c) starts his own business and operates it on his own	
d) has a strong belief in himself in his own abilities	

17. Prepare relevant ledgers from the following transactions relating to Eldo Traders (4mks)
  - i) 3<sup>rd</sup> Feb 2017: bought a computer from Moi Avenue traders worth Shs. 40,000 and paid by cheque.
  - ii) 4<sup>th</sup> Feb: Sold stock worth Shs. 20,000 Credit to Japtoo traders  
Jeptoo traders returned goods worth Shs. 5,000 to Eldo Traders.
  - iii) Eldo traders received a cheque of Shs. 15,000 from Japtoo traders.
18. Distinguish between the following terms (4mks)
  - a) GDP and GNP
  - b) National income and per capita income
19. Highlight **four** methods used to delocalize firms in an economy (4mks)
20. Awinoe sells her goods at mark up of 2/5. For the year ended 31<sup>st</sup> Dec. 2017, her trading activities were as follows.

Opening stock                      Shs 50,000

Purchasing Shs 30,000  
Closing stock Shs 20,000

- a) Margin percentage (2mks)  
b) Rate of Stock turnover (2mks)
21. Give **four** aims for Government participating in business activities (4mks)
22. The diagram below shows a shift in demand curve



State **four** possible reasons for the change in  $X_1 \times x_1$  to  $X_2 \times$  above. (4mks)

23. Complete the table below (4mks)

Source Document	Book of original entry
Received Reciept	
Credit note retained /copy	
	Purchases journal
	Sales journal

24. The following information was extracted from the books of Samoei traders on 31/12/2017

Shs.  
Stock (1/1/2017) 600,000  
Purchases 1,800,000  
Sales during the year 2,600,000  
Mark up 25%  
Stocks (31/12/2017) X

Required: Prepare Samoei traders trading account

25. Highlight **four** characteristics of a time deposit account (4mks)

565/2

**BUSINESS STUDIES****PAPER 2***Answer any five questions.*

1. a) Identify five circumstances under which communication may be ineffective. (10 marks)  
 b) One of the main objectives of vision 2030 is to drastically reduce the rate of unemployment in the economy. Explain five ways through which the government may achieve this. (10 marks)
2. a) Explain five benefits of using cheques as a means of payment (10 marks)  
 b) As a County Governor, explain five ways in which the National Income statistics will be of benefit to you (10 marks)
3. a) Apart from taxation, explain five other ways the Government raises its finances. (10 marks)  
 b) Describe five steps taken in personal selling (10 mark)
4. a) Distinguish between bonded warehouse and a free warehouse (10 marks)  
 b) Record the following transactions relating to Kibaki stores in the General Journal 2017: (10 marks)  
 Oct 2: A photocopier worth Shs.93,000 were purchased on credit from Lisa paper works.  
 Oct 3. Office furniture worth Shs.70,000 were sold on credit to Poa place for Shs.80,000.  
 Oct 8. A machine whose book value was Shs.120,000 was sold to Tetu traders for Shs.95,000 on credit  
 Oct 10. An old motor vehicle worth Shs.270,000 was sold to Iten traders on credit.
5. a) Explain five characteristics of Life Assurance (10marks)  
 b) Explain five ways in which the Government may increase the amount of money in circulation in an economy (10 marks)
6. a) Explain four benefits a general line textile manufacturer may enjoy by specializing in the production of a single product. (10 marks)  
 b) Record the following transactions in a three column cashbook and balance it off as at 30<sup>th</sup> June 2017.

2017

- |          |   |
|----------|---|
| June 2.  | KCB loan received by cheque Sh. 250,000   |
| June 4.  | Cash sales amounting to Sh. 30,000.   |
| June 6.  | Bought stock worth Sh. 70,000 and paid by cheque less 8% discount.                      |
| June 9.  | Received Sh. 25, 0000 from Lonyangapuo a debtor by cheque after allowing a 2% discount. |
| June 10. | The proprietor took Sh. 10,000 cash for his son's birthday party.                       |
| June 12. | Withdrew Sh.48,000 from the bank for office use.  |
| June 15. | Murgor settled his account of Sh. 45,000 by cheque.                                     |
| June 18. | Paid wages Sh. 10,000 cash.   |
| June 20. | Murgor's cheque was dishonored.   |
| June 27. | Sold goods worth Sh.68,000 receiving Sh.28,000 cash and the rest by cheque.             |
| June 30. | Transferred all cash to the bank Except Sh.8,000.                                       |