

BUURI EAST STANDARDS**565/1/****BUSINESS STUDIES****PAPER 1****JULY/AUGUST 2019**

1. **Outline four** reasons why it is difficult to satisfy human wants. (4mks)
2. **State four** consequences that may arise due to poor arrangement of goods in a warehouse. (4mks)
3. The inflation rate in county P moved from **5.8%** to **9.4%**. **State four positive** outcomes of this change. (4mks)
4. The following balance sheet was incorrectly prepared .
Kimbo enterprise

Kimbo Enterprises
Balance sheet
As at 31st October 2016

Capital	100,000	Bank overdraft	15,000
Stock	28,000	Motor vehicle	70,000
Cash in hand	4,000	Debtors	37,000
Fixtures	<u>2,000</u>	Creditors	<u>26,000</u>
	<u>134,000</u>		<u>148,000</u>

Prepare the correct balance sheet arranged in **order of liquidity** to show fixed assets, current assets, current liabilities and capital. (4mks)

5. **Highlight four circumstances** under which a manufacturer would find it necessary to carry out market research. (4mks)
6. **State four** factors that determine the amount of revenue collected by Kenyan government through taxation. (4mks)
7. Other than the use computers in an office, **mention four** recent trends in office management. (4mks)
8. Mwikali and Theuri bought a building for Ksh 12,000,000. Mwikali paid Ksh 8,000,000 while Theuri paid Ksh 4,000,000. The building was insured for Ksh 8,000,000 against the risk of fire. Later, the building was partially destroyed by fire to the tune of Ksh 6,000,000. **Calculate** the amount of compensation that each one will receive. (4mks)
9. The table below represents quantity of commodity X demanded by consumer **A and B**.

Price per unit of x	Quantity of x demanded by A in a week.	Quantity of commodity X demanded by B in a week.
20	200	400
10	200	600
5	300	700
2	400	800

10. **State four** possible reasons why B demands more of commodity X at every price than A. (4mks)
11. **Highlight four** guidelines that may help an entrepreneur in identifying a viable business opportunity. (4mks)
12. **Outline four** factors that determine the amount of money that an individual may hold in order to meet unexpected expenses. (4mks)
13. **Give four** reasons why the Kenya government has been organizing seminars and workshops for training youth in business. (4mks)
14. **Mention four** circumstances under which an entrepreneur may establish his/her business where other businesses already exist. (4mks)
15. **Give four** differences between a public limited company and a partnership. (4mks)
16. **Highlight four** measures that a government may take to correct a balance of payment deficit in the county. (4mks)

16. The following transactions were obtained from Kimende traders in the month of February 2017.
- 2nd Feb 2017. Opening balance cash in hand ksh.500,000. And cash at bank ksh.50,000.
- 3rd Feb. 2017. James, a debtor ,paid Ksh 20,000 by cheque.
- 5th Feb 2017 . Purchased a motor vehicle worth ksh.300,000 from shah motors and paid ksh. 200,000 in cash while the balance was to be paid later.

Required: Enter the above transaction in the **relevant ledger accounts.** (4mks)

17. **Outline four** ways in which the nature of a product influences the choice of distribution channel. (4mks)
18. **Mention four circumstances** under which a retailer may return goods to a wholesaler. (4mks)
19. **State four reasons** why billboards are popular in product promotions. (4mks)
20. The following balances were obtained from the books of sunset traders as at 30th June, 2004.
- | | |
|---------------------------------|---------|
| Stock 1 st July 2003 | 45,000 |
| Purchases | 159,000 |
| Sales | 235,000 |
| Stock 30/June/2014 | 33,000 |
| Capital | 75,000 |
| Return outwards | 3,000 |
| Operating expenses | 13,000 |
- Calculate:**
- i) Stock turnover rate. (2mks)
- ii) Return on capital. (2mks)
21. **State four ways** in which legal political environment may improve business performance. (4mks)
22. **Distinguish the following types of goods** as used in production. (4mks)
- i) Producer goods and consumer goods. (2mks)
- ii) Intermediate goods and finished goods. (2mks)

Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers

23. The following cashbook was prepared by Jomo Traders for the month of July 2016.

**Jomo traders’
Cash book**

Dr					Cr.				
Date	Details	lf	cash	Bank	Date	Details	LF	cash	Bank
<u>2016</u>					<u>2016</u>				
July 2	Balance	b/d	Y		July 4	Balance	b/f		60,000
July 8	Sales		20,000		July 13	Purchases			30,000
July 18	Akinyi			50,000	July 21	Rent		6,000	
July 25	Sales			<u>120,000</u>	July 27	Balance	c/d	<u>P</u>	<u>Q</u>
				<u>170,000</u>				<u>60,000</u>	<u>R</u>

Calculate the missing figures. (4mks)

(i) Y, (ii)P, (iii)Q, (iv)R

24. **Mention four** benefits that may be enjoyed in a country that is experiencing over- population. (4mks)
25. **List four** fundamental elements of transport. (4mks)

BUURI EAST STANDARDS

565/2/

BUSINESS STUDIES**PAPER 2****JULY/AUGUST 2019**

1. a) Mutwiri runs a manufacturing firm and has employed fifty workers. **Explain five reasons** why it would be beneficial to assign each worker a specific job in production. **(10mks)**
- b) **Outline five differences** between gambling and insurance. **(10mks)**
2. a) **Explain five reasons** why a commercial bank may not honour a cheque. **(10mks)**
- b) On 1st July 2018, Jamaal traders had cash in hand Ksh. 87,000 and cash at bank ksh.250,000. During the month, the following transactions took place.
- July 2: Cash sales Ksh.50,000.
- July 3. Paid salaries Ksh.101,500 by cheque.
- July 6. Received a cheque for ksh.76,800 from Mwala after allowing him a cash discount of 4%
- July 12. Bought office furniture by cheque ksh. 85,000.
- July 16. Settled Kiogora's account of Ksh. 40,000 in cash, having deducted ksh. 800 cash discount.
- July 18. Received a cheque for Ksh. 150,000 in respect of cash sales .
- July 21. Paid wages ksh. 24,000 in cash.
- July 22. withdrew ksh.30,000 from bank for office use.
- July 25. Withdrew ksh. 50,000 cash for private use.
- July 28. Received ksh. 16,500 cash from kajairo in settlement of his account less ksh. 660 cash discount.
- July 30. deposited all the money into the bank except ksh.10,000.

Required : Prepare a three column cashbook and balance it off. **(12mks)**

3. a) **Explain five ways** in which Kenya is likely to benefit from a properly prepared development plan. **(10mks)**
- b) With the aid of a **suitable diagram**. **Explain the effects** of a decrease in supply on the equilibrium price and quantity. **(10mks)**
4. a) **Explain five measure** that can be taken by an office to safeguard the property of the organization. **(10mks)**
- b) Kawira started a hardware business on 1st January 2016. The following is a summary of her transactions during the month.
- Invoices received:**
- 2016: January 2: Jirani Ltd ksh.80,000.
- “ 18 chuma Ltd ksh. 140,000.
- “ 26. mwanaisha traders Ksh. 160,000
- Invoices issued :**
- 2016: January 5: Mungi traders Ksh.50,000
- “ 20: Moto Traders Ksh. 150,000
- “ 25. Jua kali traders KSH. 70,000
- Credit notes issued:**
2016. January 10: Mungi traders Ksh. 6,000
28. Jua kali traders ksh. 4000
- Credit notes received:**
- 2016 January 12: Jirani Ltd Ksh. 3,000
- “ 24: Chuma Ltd Ksh.8,000
- “ 30: Mwanaisha traders Ksh. 12,000

Required: Prepare relevant journals to record the above transactions. **(10mks)**

5. a) **Explain five roles** played by the Kenya external trade authority (KETA) in promoting Kenya external trade. **(10mks)**
 b) **Explain five factors** which determine the size of a country national income . **(10mks)**
6. a) **Discuss five causes** of breakdown in communication. **(10mks)**
 b) The following trial balance was extracted from the books of Njoroge traders as at 31/12/2017.

	Dr.	Cr.
Opening Stock	30,000	.....
Purchases / sales	275,000	390,000
Debtors	47,000	.....
Commission received		36,000
Returns	10,000	6,000
Carriages Inwards	16,000	.....
Bad debts	3,000	
Wages	20,000	
Rates	12,000	
Buildings	450,000	
Furniture	180,000	
Bank Overdraft		210,000
Insurance	19,000	.....
Discounts	5,000	7,000
Drawings	25,000	.....
Creditors	.....	52,000
Cash at bank	250,000	.....
Cash at hand	40,000	.....
Capital	.....	689,000

Provided for free by www.freeksepastpapers.com . Trusted & used by over 7000 subscribers

<u>1,390,000</u>	<u>1,390,000</u>
------------------	------------------

Additional information.

1. Closing stock ksh. 50,000
2. Carriage outwards Ksh.8,000

Required: (i) Prepare Njoroge traders, **trading, profit and loss account** for the period ended 31/12/2017 and Balance sheet as at 31/12/2017 **(10mks)**

CEKENA I
BUSINESS STUDIES
565/1

1. State four demographic factors that affect the operation of the business. (4mks)
2. Highlight four difficulties faced in satisfaction of human wants. (4mks)
3. Outline at least four documents that are required by the registrar of companies before registration of a public limited company. (4mks)
4. Highlight four importance of consumer protection. (4mks)
5. State at least four factors that have led to an increase in demand for mobile phones. (4mks)
6. Highlight four ways in which a bill of lading is useful to an importer of goods. (4mks)
7. List four stages in their order of occurrence in the historical development of money. (4mks)
8. Highlight four uses of a two column cash book (4mks)
9. For the year ended 31st December 2004 (4mks)
 Total assets Shs. 427500, Total liabilities Shs. 4800
 i) Additional capital introduced was Shs. 24000
 ii) Drawings made during the year was Shs. 2000
 iii) Net profit was Shs. 34500

Required to:

Determine the capital as at 31th December 2004

10. State four functions of advertising agencies. (4mks)
11. State the information necessary when computing the national income using expenditure approach (4mks)
12. State four factors that determine the period which document should be stored in an office (4mks)
13. The following are some insurance terms premium, cover note, subrogation and endowment. In the table below match each term with its appropriate description (4mks)

<u>Description</u>	<u>Term</u>
a) Temporary certificate	_____
b) Periodic payment by a policy holder	_____
c) Acquiring the rights the insured had in the destroyed property	_____
d) Life assurance lasting for a specified period	_____

Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers

14. For each of the following transactions, state the accounts to be debited and credited. (4mks)

<u>Transaction</u>	<u>Account to debt</u>	<u>Account to credit</u>
a) Paid creditor from private source	_____	_____
b) Bought goods and paid by cheque	_____	_____
c) Proprietor brought in cash from private source	_____	_____
d) Withdrew cash from bank for office use	_____	_____

15. Highlight four ways in which a business idea can be implemented. (4mks)
16. State whether each of the following transactions will increase Decrease or have no effect on the balance sheet totals. (4mks)

<u>Transactions</u>	<u>Effects on the balance sheet</u>
---------------------	-------------------------------------

Business Studies(P1) Page 4 of 6

- | | |
|---|-------|
| a) Funds from private savings deposited in bank account | _____ |
| b) Paid a creditor in cash | _____ |
| c) Withdrew money from bank for office use | _____ |
| d) Purchased a motor vehicle paying by cheque | _____ |
17. State three losers in inflation in our economy. (4mks)
 18. Highlight four advantages of paying for transactions using a cheque. (4mks)
 19. Highlight four features of oligopoly market structure. (4mks)

20. The following information relate to Cheptoo Traders for the year ended 31st December 2016

Kshs.

Stock	31-02-2016	300000
Stock	01-01-2016	200000
Purchases		520000
Margin		25%

Prepare a trading account for the year ended 31st December 2016. (5mks)

21. In each of the following statement give the type of utility created. (4mks)

Statement

Type of utility

- | | |
|---|-------|
| a) Student buying a pen from a school canteen | _____ |
| b) A farmer taking mangoes to the market | _____ |
| c) Kamau banking money with Equity bank | _____ |
| d) Making a table | _____ |

22. Outline four reasons why a business person may prefer written communication to verbal communication (4mks)

23. Outline four benefits of a warehouse to a consumer. (4mks)

24. Highlight four measures that a government may take to reduce the mortality rate in a country (4mks)

25. State four sources of public finance (4mks)

CEKENA I
BUSINESS STUDIES
565/2

1. a) Explain five factors that influences entrepreneurial practices in Kenya. 10mks
 b) Commodity A and B are complimentary goods. Using two diagrams describe how an increase in supply of commodity A will affect the equilibrium price and quantity demanded of commodity B (4mks)
2. a) Explain five services offered by wholesalers to retailers (10mks)
 b) Describe five measures that the government may put in place to reduce the amount of money in circulation. (10mks)
3. a) Explain four benefits of filing of office documents to an organization (8mks)
 b). The following transactions took place in Mali Traders in the month of June 2006

2006

- June 4 : Sold goods on credit to Biyang sh. 14000 and Wendy Sh. 17000
 7 : Bought goods on credit from Faddy sh. 43000
 10 : Biyang returned goods worth sh. 300
 12 : Purchased goods on credit from Violet sh. 64000 and Elatsia sh. 28000
 18 : Goods worth Sh. 5000 were returned to Faddy and goods worth sh. 2000 returned to Violet
 22 : Goods sold on credit to Biyang sh. 6000, Amwangu sh. 10,000 and Josephine Sh. 11,000
 28 : Goods returned by Amwangu Sh. 1000

Required: Prepare the relevant journals and record the above transactions. (12mks)

4. a) Explain five reasons why the government discourages localization of firms. (10mks)
 b) On 1st Jan 2007, Muthonitraders cashbook showed a credit balance of Shs. 150,000 at the bank and a debit balance of Shs. 25,250 in hand. During the month the following transactions took place.

- Jan. 5 : Made cash sales for Shs. 21,500
 Jan. 16 : Received a cheque for Shs. 36,000 from a debtor
 Jan. 28 : Paid a creditor Shs. 100,000 partly by cheque of Shs. 80,000 and the balance

Provided for freely www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers

Required: To prepare a two column cashbook for the month and balance it off. (10mks)

5. a) Explain five channels of distribution of exporting tea from Kenya to Japan. (10mks)
 b) Explain five problems associated with determining price indices in an economy. (10mks)
6. a) Explain insurance policies that the owner of a supermarket may find useful for the business (10mks)
 b) The following balances were extracted from the books of account of Jacinta as at 31st December 1990 (10mks)

	Shs.
Sales	400,000
Sales returns	15,000
Purchases	290,000
Purchases returns	12,000
Carriage outwards	12,400
Stock (1-1-1990)	32,000
Insurance	16,000
Rent	18,000
Salaries	13,600
Discount received	12,800
Cash	23,000

As at 31st December 1990, the stock was valued at Sh. 52,000. Prepare the trading profit and loss account for the year ended 31st December 1990. (10mks)

COMPLIANT

565/1

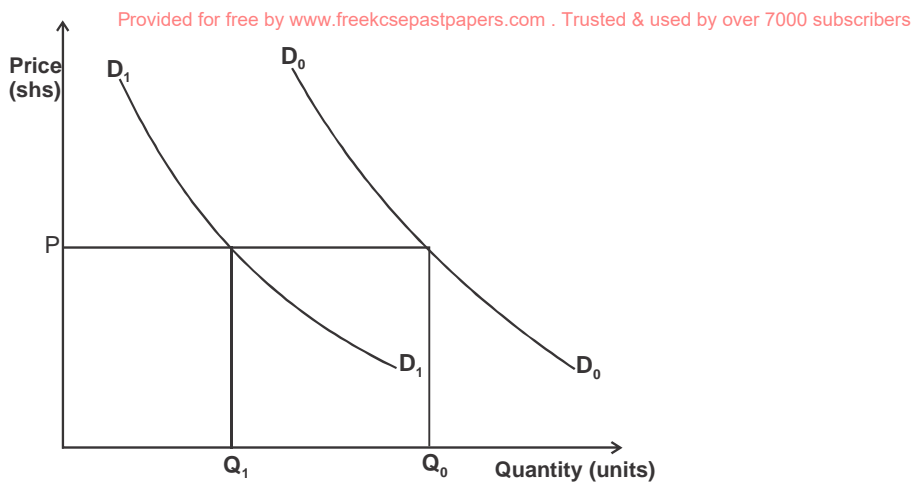
BUSINESS STUDIES

Paper 1

1. State four functions of an entrepreneur. (4 marks)
2. Corruption is a big problem in Kenya. Highlight four ways in which it affects the economic growth of businesses. (4 marks)
3. State four factors that affect the flow of national income. (4 marks)
4. Highlight four circumstances under which a partnership can be dissolved. (4 marks)
5. The following are various types of office equipment. Match the equipment with its appropriate function: fax machine, telex, telephone, radio call. (4 marks)

Functions	Equipment
a) Sending and receiving writtern messages	
b) Sending and receiving verbal messages	
c) Sending and receiving copes of messages	
d) Sending messages one way only	

6. Outline three circumstances under which a credit note can be issued. (3 marks)
7. Outline the procedures of making an insurance claim. (5 marks)
8. Omondi wants to communicate to his suppliers. Highlight four reasons that will make him use letters instead of telephone. (4 marks)
9. Highlight four features of an effective transport system. (4 marks)
10. A lucrative processing firm has been constantly releasing toxic wastes into the neighbourhood. Outline four measures you may take to stop the firm from such malpractices. (4 marks)
11. The figure below shows a decrease in demand for a commodity fro D_0D_0 to D_1D_1



- State four possible causes that have led o this situation. (4 marks)
12. Serah Wanjiru provided the following information for the month of January 2018
- | | |
|---------------|---------|
| | Sh. |
| Opening stock | 200,000 |
| Closing stock | 300,000 |
| Margin | 20% |
| Purchases | 500,000 |

- Prepare her trading account for the month ending 31st January 2018. (4 marks)
13. Highlight four causes of involuntary unemployment. (4 marks)
 14. Outline four reasons for which businesses should observe ethical practices. (4 marks)

15. Mwita manufacturers have decided to distribute their goods through wholesalers. State four benefits that would accrue to Mwita manufacturers from this distribution. (4 marks)
16. In the Telecom industry, one firm has dominated for many years. Highlight four ways in which we can ensure a fair and healthy competition among the service providers. (4 marks)
17. List four stages of historical development of money. (4 marks)
18. State four differences between single shops and tied shops. (4 marks)
19. Highlight four challenges facing consumers when making choices on goods and services to satisfy human wants. (4 marks)
20. The following balances were extracted from the books of Kamau Traders as at 31st December 2017.

Buildings	100,000
Debtors	54,700
Capital	136,000
Sales	85,000
Purchases	49,000
Stock (Jan.2017)	25,500
Creditors	37,500
General expenses	31,800
Bank overdrafts	2,500

Required:

Prepare a trial balance at at 31st De. 2017 (5 marks)

21. Fill in the missing figures in the following table. (4 marks)

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

22. Identify various types of direct taxes described in the table below.

Description	Type of tax
a) Tax levied on personal income	
b) Tax levied on profits of a company	
c) Tax levied on inherited property	
d) Tax levied on profit made from sale of assets	

23. Too much money in circulation has led to inflation in Kenya. State four positive effects of this. (4 marks)
24. The following figure relate to Jumbo Traders for the year ended 31/12/17.

Details Ksh.

Capital (13/12/17)	940,000
Net loss	20,000
Additional investment	420,000
Monthly drawings	5,000

Determine capital as at 1.01.17. (4 marks)

25. Outline four reasons why countries may trade with each other.

COMPLIANT
565/2
BUSINESS STUDIES
Paper 2

1. a) Explain **five** importance of entrepreneurship in Kenya. (10 marks)
- b) Discuss **five** differences between direct and indirect taxes. (10 marks)
2. a) Describe the following terms as used in international trade . (10 marks)
 - i) LOCO
 - ii) F.O.R
 - iii) FAS
 - iv) FOB
 - v) Franco

b) Below is a data of national income of country X between 2015 and 2017.

Years	2015	2016	2017
Level of income	180	200	240
GDP Ksh.(billions)			

Explain **five** factors that might have led to the above trend. (10 marks)

3. a) Mr. Karanja who lives in Kakamega is an employee of Mumias Sugar company. Recently he was promoted to be a manager of another company in Mombasa. Explain **five** barriers that may hinder his mobility. (10 marks)
- b) Embulbul enterprises are considering to market their imported products direct to consumers. Outline **five** reasons that may influence them to make their decision. (10 marks)
4. a) Mr. Rotich who owns a ship wants to insure his cargo. Explain **any five** policies he is likely to take. (10 marks)
- b) Explain **five** reasons that have led to the increase in use of mobile banking in Kenya. (10 marks)
5. a) Briefly explain **five** circumstances under which business enterprises may choose to merge. (10 marks)
- b) Use the transactions given below to prepare Malibu Traders three column cash book for the month of March 2017 and balance it off.

2017

1st March	Had sh.18,000 cash and a bank overdraft of sh.6700
2nd March	Made cash sales sh.14,500
3rd march	A debtor settled his account of sh.45,000 by cheque less 5% cash discount
4th March	Used cash to pay salaries sh.5,000
8th March	Settled a creditor's account of sh.6000 by cheque less 3% cash discount
18th March	Received a cheque of sh.8460 from a debtor after deducting 10%
24th March	Cash sales paid direct into bank sh.3400
28th March	Withdrew sh.2500 from the bank for family use
30th March	Deposited sh.9500 from the office into the business bank account
31st March	Banked all the money except sh.3600

6. a) Explain five ways in which Kenyan government can assist local traders to export their agricultural produce. (10 marks)

- b) Prepare a trading profit and loss account for the year ended 30th June 2018 and a balance sheet as at that date from the following trial balance.

Kipevu Traders
Trial Balance as at 30th June 2018

Details	Dr. shs.	Cr shs.
Stock on 30/6/2017	4,000	
Capital		164,600
Purchases and sales	35,000	70,000
Drawings	6,000	
Furniture and fittings	20,000	
Motor vehicles	150,000	
Debtors and creditors	8,000	12000
Returns	1500	2000
Discounts	900	800
Wages and salaries	15,000	
Rent	3,500	
Insurance	2,100	
Commissions	400	
Bank		3,000
Cash	6,000	
	<u>252,400</u>	<u>252,400</u>

Closing stock was sh.5000

Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers

**MERU-SOUTH
BUSINESS STUDIES
565/1 PAPER ONE
JULY/AUGUST EXAMINATION 2019**

1. Identify four features of economic resources. (4 marks)
2. Outline four causes of cost push inflation. (4 marks)
3. Outline four circumstances under which hire purchase may be used to acquire goods. (4 marks)
4. The descriptions stated below refer to various methods of product promotion. For each description give the method that best matches it. (4 marks)

	Description	Method of product promotion.
(a)	Any mention of a person, firm or product in the mass media.	
(b)	Presentation of a commodity to prospective buyer, face to face by a sales man with an aim of making sales.	
(c)	Process of information with a view of creating, promoting or maintain goodwill and favourable image of the organization to the public.	
(d)	Any paid form of impersonal presentation of a product made through mass communication media.	

5. State four goals of development in a country. (4 marks)
6. Highlight four ways in which monopoly differs with perfect competition. (4 marks)
7. Outline four functions of a wholesaler. (4 marks)
8. The following balances of assets and liabilities were provided by safari merchants as at 31/12/2015

<u>Item</u>	<u>Shs.</u>
Bank overdraft	80,000
Land	200,000
Accrued electricity bill	50,000
Stock	10,000
Debtors	20,000

The business had drawings amounting to Shs.20,000 during the year.

Prepare a balance sheet to determine the net worth of the year. (4 marks)

9. Indicate whether the following taxes are direct or indirect. (4 marks)

	Tax	Type of tax
(a)	Corporation tax	
(b)	Value added tax (VAT)	
(c)	Capital gains tax	
(d)	Excise	

10. Highlight four methods the government uses to protect consumers. (4 marks)
11. State four benefits that people from your area may benefit from business enterprise. (4 marks)
12. Highlight four disadvantages to the manufacturer if wholesalers are eliminated from the chain of distribution. (4 marks)
13. Highlight four demerits of newspapers as a means of advertising. (4 marks)
14. Juma Munyasia sells all his goods at 25% above costs. His books gave the following information as at 31st December 2015.

Stock 1 st January 2015	Shs.98,720
Stock 31 st December 2015	Shs.126,000
Sales for the year	Shs.600,000

- Calculate the profit made by Munyasia. (4 marks)
15. Globalization is a term often used to denote business ownership and trend. Outline four merits of globalization of business units. (4 marks)
16. Outline four reasons why a new business may fail. (4 marks)
17. Outline four ways in which commercial banks facilitate transferring of money from one place to another. (4 marks)
18. Write down the international trade documents that relate to each of the following statements. (4 marks)

	Statement	Documents
(i)	Prepared by an exporter giving details about the origin of goods.	_____
(ii)	A document of title to the goods traded in international trade.	_____
(iii)	Show prices charged as certified by the importing country's officials.	_____
(iv)	Enables the importers to initiate clearing of customs duty earlier enough to avoid delays.	_____

19. Highlight four factors that determine the size of a firm. (4 marks)
20. Outline four benefits of pooling of risks. (4 marks)
21. Outline four circumstances under which the per capita income statistics would be a good indicator of the welfare of the country. (4 marks)
22. For each of the following transactions indicate in the appropriate column the source documents and the books of original entry in which the transactions should be recorded. (4 marks)

	Transaction	Source document	Books of original entry
(a)	Goods returned by a consumer.	_____	_____
(b)	Purchase of goods on credit.	_____	_____

23. State four errors that do not affect the agreement of a trial balance. (4 marks)
24. Outline four circumstances under which verbal communication would be preferred to written communication. (4 marks)
25. The following assets and liabilities belong to Jacky's stores as at 31st March 2005. Buildings Shs.200,000, debtors Shs.8,000, creditors Shs.32,000, stock Shs.24,000, cash at bank Shs.120,000, cash in hand Shs.40,000, loan from HFCK Shs.100,000 and capital Shs.260,000.

During the month of April 2005, the following transactions took place.

- April 1 Sold goods worth Shs.2,100 cash.
 2 Paid creditors Shs.8,000 cash.
 10 Received Shs.2,000 from debtors in cash.
 15 Bought a motor van Shs.350,000 paying by cheque.

Required:

Prepare a balance sheet as at 15th April 2005. (4 marks)

**MERU- SOUTH
BUSINESS STUDIES
565/2 PAPER TWO
JULY/AUGUST EXAMINATION 2019**

- 1.
- (a) Explain five benefits that may accrue to a country with a large proportion of skilled labour force. (10 marks)
- (b) Explain five disadvantages a country would face if she restricted trade with other countries. (10 marks)
- 2.
- (a) Draw five features that differentiate a cooperative society from a partnership form of a business. (10 marks)
- (b) Explain five factors that have contributed to declining population growth rate in some developing countries. (10 marks)
- 3.
- (a) Explain five factors that a business organization would consider when choosing office equipment. (10 marks)
- (b) On 1st July 2018, Muranga had Shs.136,500 at bank and cash in hand Shs.3,250. During the month the following transactions took place.
- July 2 Cash sales Shs.42,630 paid directly to the bank.
- July 3 Received a cheque for Shs.14,100 from Koech in full settlement of a debt.
- July 8 Bought goods for Shs.26,240 and paid by cheque.
- July 12 Cash sales Shs.42,450.
- July 14 Paid Ochako by cheque Shs.23,750 in full settlement of his account less 5% cash discount.
- July 15 Paid wages Shs.24,000 in cash.
- July 16 Withdrew Shs.36,000 from the bank for office use.
- July 18 Bought stationery in cash Shs.750.
- July 20 Cheque received from Koech was dishonoured.
- July 28 Paid salaries by cheque Shs.48,600.
- July 30 All cash was banked except Shs.5,000.

Required:

- Prepare a three column cash book. (10 marks)
- 4.
- (a) Explain five circumstances under which containerization may be used in transporting goods. (10 marks)
- (b) Graphically show, the effect of increased supply on equilibrium price and quantity. (10 marks)
- 5.
- (a) Wizard is an importer of assorted goods from different countries. Explain five advantages he may enjoy while his goods are stored in a bonded warehouse. (10 marks)
- (b) Explain five principles that would lead to effective use of government resources. (10 marks)
- 6.
- (a) Explain five benefits that may be achieved if the government relocates industries to rural areas. (10 marks)

(b) The following information relates to Baraka traders.

**BARAKA TRADERS
TRIAL BALANCE
AS AT 31/12/2012**

Details	Dr. (Shs.)	Cr. (Shs.)
Capital		100,000
Motor vehicle	10,000	
Machinery	16,000	
Stock (1/1/2012)	12,000	
Debtors	33,500	
Cash	18,000	
Bank	12,800	
Creditors		45,000
Sales		180,000
Purchases	120,000	
Carriage inwards	2,000	
Returns	1,200	1,000
Carriage on sales	4,000	
Discount	3,000	4,000
Salaries	2,000	
Rent		21,500
Insurance	10,000	
Electricity	17,000	
	351,500	351,500

Closing stock Shs.8,000.

Required:

Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers

Prepare Trading and Profit and Loss A/C.

(10 marks)

KIRINYAGA EAST STRATEGIC ALLIANCE EXAMS 2019

565/1

BUSINESS STUDIES

PAPER 1

1. Give **four** factors that limit entrepreneurial development in Kenya. (4mks)
2. State **four** methods that are used to reproduce documents in an office. (4mks)
3. State **four** reasons that make it necessary to a business to maintain a healthy environment. (4mks)
4. Outline **four** demerits associated with water transport. (4mks)
5. State **four** reasons why the government should create an enabling environment for investors. (4mks)
6. The following figures related to Kwale Traders for the year ended 31/12.2014.

Details	Ksh
Capital (31/12/14)	940,000
Net loss	20,000
Additional investment	420,000
Monthly drawings	4,000

Required: Determine the capital as at 01/01/2014 (4mks)

7. Highlight **four** advantages of informal communication within an organization. (4mks)
8. Outline **four** benefits that may accrue to a community that is involved in business activities. (4mks)
9. State **four** advantages of a private warehouse to a manufacturer. (4mks)
10. Outline **four** circumstances under which a wholesaler becomes essential in the chain of distribution. (4mks)
11. For each of the following account titles, indicate the appropriate type of account. (4mks)

Account title	Type of account
a) Rent income A/C	
b) Bank A/C	
c) David (supplier) A/c	
D) Sales A/C	

12. Give **four** reasons why mobile phone money transfer services are gaining popularity among many Kenyans. (4mks)
13. Highlight **four** negative effects of high taxation levels in the economy. (4mks)
14. The following statements relate the terms of sale used in international trade. Indicate the term of sale that is best described.

Statement	Term of sale
a) The price quoted includes the cost of goods and any other expensive up to importers premises	
b) Price quoted covers the goods as they are in exporters premises.	
c) Price quoted includes expenses for transporting the goods from the sellers warehouse up to the nearest railway station.	
d) Price quoted includes the movement of goods up to when they are on board the ship.	

15. State **four** important information that should be contained in an insurance policy. (4mks)
16. State **two** characteristics of each of the following balance sheet elements. (4mks)
 - (a) Assets
 - (b) Liabilities
17. Highlight **four** circumstances under which a trader may offer after sales services. (4mks)
18. Outline **four** reasons a firm may remain small. (4mks)
19. State **four** features of monopolistic competition market. (4mks)

20. State the source document used for each of the following transaction. (4mks)

Transaction	Source document
a) To support credit sale of goods	
b) Inform a customer that his account has been reduced.	
c) To ask a dealer to supply specific goods.	
d) Correction of an under charge error.	

21. Highlight **four** items that would be included in measurement at national income using expenditure approach. (4mks)

22. State **four** causes of declining population. (4mks)

23. Outline **four** reasons why business prepare ledger accounts. (4mks)

24. Rotich Traders provide you with the following information.

Margin	25%
Cost of sales	7500
Opening stock	1000
Closing stock	500
Operating expenses	2% of capital

Sales and capital are in the ratio of 1:4 respectively.

Required:

(a) Rate of stock turn over

(1mk)

(b) Purchases

(1mk)

(c) Rate of return on capital

(2mks)

25. Classify each of the following as either public good, intermediate good, non material good or producer good. (4mks)

(i) Insurance-

(ii) Tractor – Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers

(iii) Cotton-

(iv) Law court-

KIRINYAGA EAST STRATEGIC ALLIANCE EXAMS 2019

565/2

BUSINESS STUDIES**PAPER 2**

1. a) Discuss **five** merits of pay as you earn (PAYE) system of tax collection. (10mks)
- b) Explain **five** reasons why a producer would prefer to use radio than newspaper to advertise his products. (10mks)
2. a) Explain **five** ways of controlling cost push inflation in the economy. (10mks)
- b) Discuss **five** reasons that would make government opt to sell some of its public corporations. (10mks)
3. a) Describe **five** circumstances under which a firm may be influenced to locate its operations near source of raw materials. (10mks)

- b) The trial Balance of Kayo Traders as at 1/6/2008 is given below.

Details	Dr(sh)	Cr (sh)
Stock	76,500	
Creditors		450,400
Debtors	350,000	
Bank	260,400	
Fixed Asset	970,200	
Cash	120,500	
Capital		1,300,000
Lighting due		<u>27,200</u>
	<u>1,777,600</u>	<u>1,777,600</u>

During the month the following transactions took place in June 2008.

5th Paid a creditor 228,000 cheque in full settlement of debt after deducting 5% cash discount.

15th Withdrew 100,000 from bank for office use.

28th Received 160,000 cash from a debtor after allowing cash discount 40,000.

Provided for free by www.freeksepastpapers.com . Trusted & used by over 7000 subscribers

Record the above transaction in the relevant ledger accounts and balance them off. (10mks)

4. a) Explain **five** ways in which large-scale firms are able to reduce their cost of operations. (10mks)
- b) Outline **five** measures that the government of Kenya has put in place to protect consumers from unscrupulous business practices. (10mks)
5. a) Explain **five** reasons why a business would adopt ethical practices while conducting its operations. (10mks)
- b) Discuss **five** ways that the government can use to reduce level of unemployment. (10mks)
6. a) Give **five** differences between hire purchase and credit terms of payment. (10mks)
- b) On 1st Sep 2018 JB enterprise had the following balance

Cash 55,000

Bank 250,000 (Cr)

During the month the following transactions took place.

Sep 2nd: Cash sales banked 535,260

3rd: Bought ribbons in cash 4,500

8th: Paid Wangila a creditor 94,000 by cheque in full settlement of his account after deducting 6% cash discount.

12th: Received a cheque 58,800 from wetu after allowing her cash discount of 1200.

14th: Purchased goods worth 10,000 on credit from John.

15th: Paid salaries 34,000 cash.

25th: Withdrew 50,000 from bank for office use.

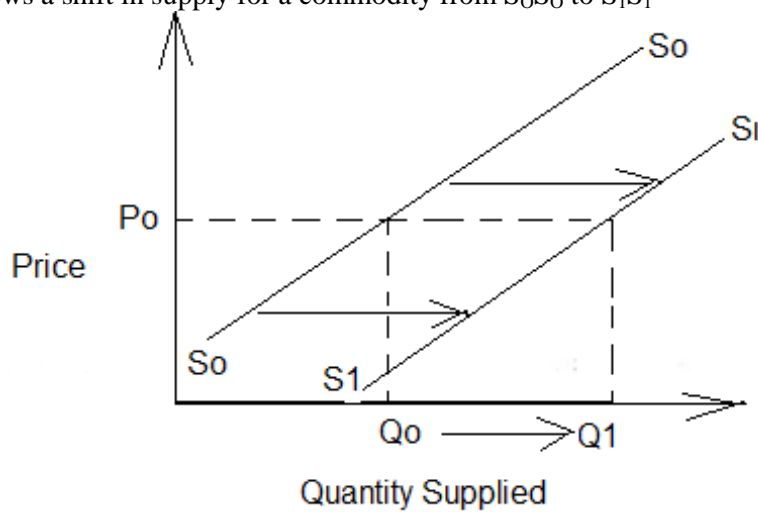
28th: Onyango a debtor paid her account at 75,000 by cheque less 10% cash discount.

30th: Deposited all cash into the bank except 13,700.

Required: Prepare a duly balanced 3 – column cash book as at 30th Sept 2018. (10mks)

CEKENA II
BUSINESS STUDIES
565/1

1. Suggest four ways in which a good business structure can enhance performance. (4mks)
2. Outline four documents required by the registrar of companies to facilitate registration of Limited Companies. (4mks)
3. The figure below shows a shift in supply for a commodity from S_0 to S_1



- State four possible factors that have led to this situation. (4mks)
4. Indicate the most appropriate source document used to prepare the following books of original entry. (4mks)

Books of original entry	Source document
a) Sales Journal	
b) Return Outward day book	
c) Return Inward day book	
d) Purchases Journal	

5. State four general characteristics of human wants. (4mks)
6. Outline four ways in which the Food and Drugs Act protects the consumers. (4mks)
7. Highlight four measures which may be taken by a government to attract firms to an area. (4mks)
8. The balances below relate to Saboti stores for the year ended 31/12/2014.

Capital	:	300,000
2 years loan	:	230,020
Creditors	:	95,200
Fixed assets	:	480,000
Current assets	:	145,220

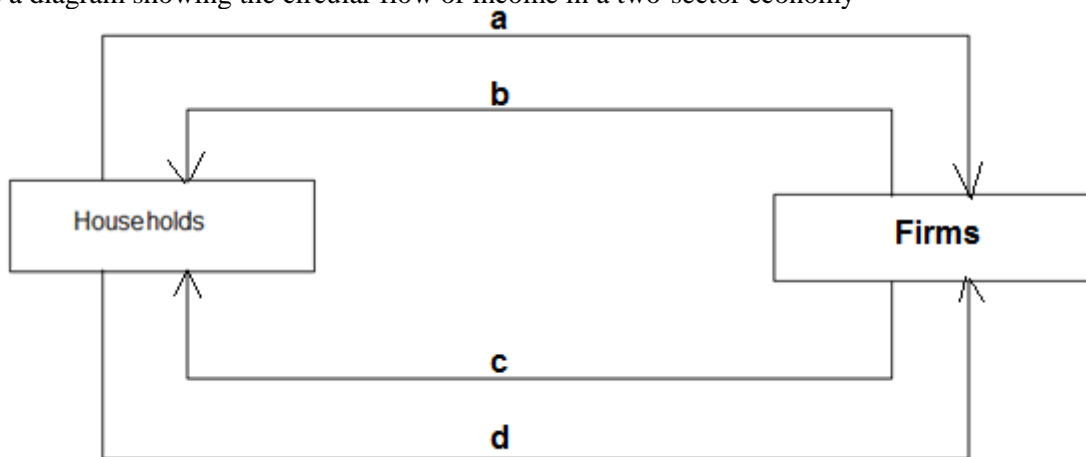
Determine

- a) Working capital (2mks)
- b) Capital employed (2mks)
9. State four characteristics of economic resources. (4mks)
10. Highlight any four barriers to effective communication which are associated with the sender. (4mks)
11. Outline four features of monopolistic competition. (4mks)
12. Identify four indicators of a business opportunity. (4mks)
13. Name the three modes of transport. (4mks)
14. Highlight four disadvantages of an ageing population. (4mks)
15. Below are tasks performed by office machines and equipment. State the machine/equipment used to perform each task (4mks)

Task	Machine/equipment
a) Sending and receiving verbal messages	
b) Cutting papers into required sizes	
c) Printing stamp impression on envelopes	
d) Sending printed diagrams charts, maps e.t.c.	

16. Mamati has just taken a whole life policy and is complaining that his premiums are very high. Outline four reasons why the premiums may be high.

17. Below is a diagram showing the circular flow of income in a two-sector economy



Indicate the information represented by letters a,b,c, and d

18. The following table relates to documents used in Home trade. Fill the blank spaces (4mks)

Name of the document	Purpose of the document
a)	To inform the buyer that goods have been dispatched
b)	To inform the buyer that the order has been received
c) delivery note	
d) credit note	

Provided for free by www.freecsepastpapers.com. Trusted & used by over 7000 subscribers

- 19. Identify four measures to be taken in order to enhance effective operation of a warehouse. (4mks)
- 20. Under what four circumstances is a retailer not needed in a chain of distribution? (4mks)
- 21. Identify four business items which affect capital in a business. (4mks)
- 22. Give four reasons why traders engage in intensive product promotion despite the high cost involved. (4mks)
- 23. Fill in the missing figures in the table below. (4mks)

	Assets	Capital	Liabilities
a)	1,100,000	840,000	
b)		249,000	31,000
c)	954,000	724,000	
d)	1,200,000		240,000

24. Record the following transactions in a two column cash book and balance it off. (5mks)

Jan 1 2018: Cash in hand Sh. 18,000, Bank overdraft Ksh. 11,000
 Jan 3 2018: Cash sales Sh. 15,000
 Jan 4 2018: Cash purchases Sh. 12,000
 Jan 5 2018 Withdrew cash from the bank for personal use Sh. 8,000
 Jan 7 2018: Took all the cash to the bank except 1,300

25. Identify four types of ledgers. (4mks)

CEKENA I
BUSINESS STUDIES
565/2
FORM IV

1. a) The following information related to Kibomet hardware for the month of June 2014.
- | | | |
|------------------------|---|--|
| June 6 th : | Credit sales to Wafula Sh. 70,000 and Njoroge Sh. 60,000 | |
| June 10 th | Credit purchase from Kipran Sh. 30,000 and Sossy Sh. 20,000 | |
| June 13 th | Goods returned to Kipran Sh. 2,000 and Sossy Sh. 5,000 | |
| June 25 th | Wafula and Njoroge settled their accounts by cheque after deducting 5% cash discount each case. | |
| June 28 th | Settled Kipran and Sossy's account in cash after deducting 5% cash discount in each case | |
- Required:* Record the above transaction in relevant books of original entry. (10mks)
- b) Explain five ways in which political instability can affect business in a country. (10mks)
2. a) Explain the significance of the five principles of insurance. (10mks)
- b) The information related to R.N. Traders as at 31/12/13
- | | |
|-----------------|---------|
| Salaries: | 70,000 |
| Stock 1/1/13 | 30,000 |
| Creditors | 35,000 |
| Capital | 700,000 |
| Purchases | 150,000 |
| Insurance | 10,000 |
| Electricity | 40,000 |
| Debtors | 60,000 |
| Sales | 350,000 |
| Stock 31/12/13 | 20,000 |
| Motor vehicle | 910,000 |
| 2 yr bank loan | 200,000 |
| Returns inwards | 15,000 |

Provided for free on www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers

Requires:-

Prepare a trading, profit and loss account for the year ended 31/12/2013 and balance sheet as at that date

(10mks)

3. a) The following balances relate to Magumu Enterprises as at 31st December 2017
- Land and building Sh. 1,000,000; motor vehicle sh. 800,000; stock of goods sh. 100,000, trade debtors sh. 70,000.
- During the stock week ending 7th January 2018, the following transactions took place.
- 2nd January 2018: Bought stock on credit Sh. 80,000
- 3rd January 2018: Sold stock on credit Sh. 42,000
- 6th January 2018: Received Sh. 100,000 cash from the debtors
- Required:* Open the relevant ledger entries balance them off and extract a trial balance as at 7th January 2018. (10mks)
- b) Explain five measures which the management can take in order to create a conducive working environment in an office. (10mks)
4. a) Highlight 5 differences between small and large firms. (10mks)
- b) Explain five reasons for increasing popularity of mobile banking in Kenya today. (10mks)
5. a) In an idea situation, quantity demanded should be equal to quantity supplied. Using a well labeled diagram illustrate how an imbalance can occur. (10mks)
- b) Describe five measures which a consumer can take in order to satisfy most of his unlimited wants. (10mks)
6. a) Describe five features of co-operative societies. (10 mks)
- b) Explain 5 measures which can be taken by a government to deal with unemployment. (10mks)

3GR END OF YEAR 2019 JOINT EXAMINATION

565/1

BUSINESS STUDIES

1. Highlight four benefits of using m-pesa services. (4mks)
2. Outline four features of Indirect production (4mks)
3. Highlight four disadvantages of an ageing population (4mks)
4. The demand for maize in the market has shifted to the left. Highlight four causes of the shift to the left. Highlight four causes of the shift to the left. (4mks)
5. Highlight four benefits derived by a member of Savings and Credit Co-operative Society (Saccos) (4mks)
6. On July 1 2016, emanyanga traders had shs 6000 cash in hand and a bank overdraft of shs 2000. During the month, the following transactions took place.
 - July 4 : received a cheque from a debtor totaling shs 80000.
 - July 16: paid telephone bills cash 1200.
 - July 21: withdrew shs 16000 from bank for office use.
 required: enter the above information in Emanyangas two column cashbook. (4mks)
7. The following transaction, indicate the book of original entry where records are made. Give the name of the book of original entry described by the following transaction.

Transactions	Books of original entry
i) Bought a motor vehicle on credit	
ii) Returned low quality goods to the supplier	
iii) Received a cheque from a customer who had bought goods on credit	
iv) Sold goods on credit	

Provided for free by www.freekecepastpapers.com. Trusted & used by over 7000 subscribers

8. High national income may not necessarily mean better or high standards of living for citizens in country. Give four reasons for this statement. (4mks)
9. Most of the sugar industries in Kenya are located in western Kenya near the source of raw materials. Outline the circumstances under which such a firm should be located there (4mks)
10. Outline four uses of a delivery note in trade. (4mks)
11. Highlight four demographic factors that might affect the performance of a Business negatively (4mks)
12. Give four principles of Insurance (4mks)
13. Indicate using a tick (✓) the type of balance that each of the following accounts has.

Account	Debit balance	Credit balance
i) Capital		
ii) Debtor (makao)		
iii) Returns Inwards		
iv) Sales		

14. Outline four sources of monopoly power (4mks)
15. Show the differences between public limited companies and partnership. (4mks)
16. Give four types of advertisement (4mks)
17. Identify the office machine described in each of the following statements (4mks)

Statement	Office machine
i) Cutting unwanted documents into tiny pieces to avoid such documents getting into wrong hands	
ii) For trimming documents into the required sizes and shapes	
iii) To fold documents place them in envelopes and seal the envelope	
iv) For removing pins from papers	

18. Outline four features of liners in water transport (4mks)
 19. Name the type of unemployment described by the following statements (4mks)

Statement	Type of unemployment
i) Caused by seasonal variations	
ii) Occurs when demand for labour declines due to changes in method of production	
iii) Occurs repeatedly at similar times	
iv) Occurs when the number of people employed exceeds the number required	

20. The following balances were extracted from the books of Olepa traders as at 31st Dec 2014

Buildings	100,000
Debtors	54,000
Capital	136,000
Sales	85,000
Purchases	48,000
Creditors	37,500
General expenses	31,800
Bank over drafts	2,500
Stock	22,500

Prepare a trial balance (5mks)

21. Outline four causes of breakdown in communication (4mks)
 22. Give four characteristics of an entrepreneur (4mks)
 23. Mjengo traders had the following information extracted from their books of account as at 30th June 2012

Capital (01.01.2012)	3,500,000
Profit	824,440
Drawings for the year	35,220
Capital (31/12/12)	5,000,000

Required

Calculate additional investment for the year. (3mks)

24. Outline three leakages in a circular flow of Income (3mks)
 25. Outline four benefits of bonded warehouse to the government (4mks)

3GR END OF YEAR 2019 JOINT EXAMINATION**565/2****BUSINESS STUDIES**

1. a) Explain **five** contributions made by the insurance industry in the economy (10mks)
 b) Explain **five** measures that the government may undertake to reduce unemployment problem in Kenya. (10 mks)
2. a) Outline **five** benefits that would accrue to a country that encourages entrepreneurship. (10mks)
 b) The following information relates to Kianyaga Stores for the year ended 31st 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 mks)
 ii) Cost of sales (2 mks)
 iii) Mark-up (2mks)
 iv) Purchases for the year (2 mks)
 v) Net profit (2mks)
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** circumstances under which a firm would be located near the market for its products. (10mks)
4. a) Outline **four** differences between perfect competition and monopolistic competition (8 mks)
 b) Explain **five** problems encountered when measuring the national income of a country. (12 mks)
5. a) Explain **five** advantages of landscape office layout (10 mks)
 b) draw a diagram showing distribution of locally manufactured goods. (10 mks)
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 31st 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 st Dec 2012)	120,000
Bank overdraft	4,000
Capital	170,000

Required

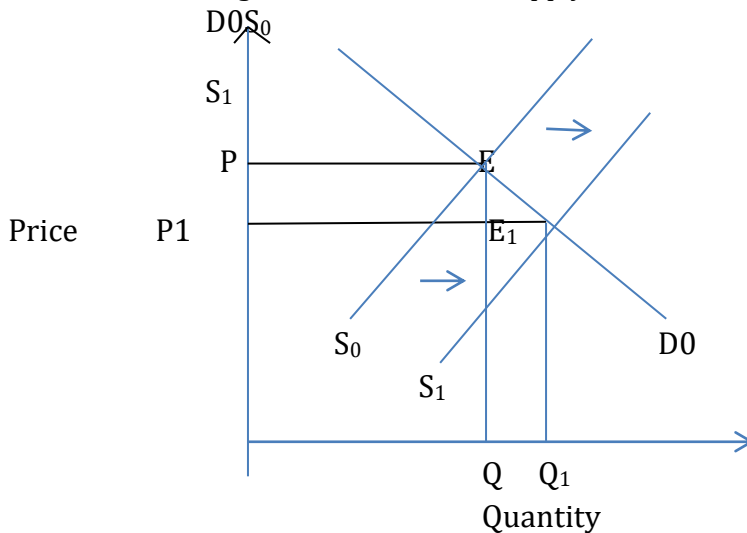
- (i) Prepare a Trading , Profit and loss account for the year ended 31st December 2012 (8mks)
 (ii) Prepare a balance sheet as at 31st December 2012 (4mks)

NYANDARUA WEST CLUSTERS EXAM

BUSINESS STUDIES

565/1

1. State four characteristics of human wants (4mks)
2. Outline four ways in which utility of a good is created in production (4mks)
3. State four benefits that a farmer may derive from being a member of producer co-operative society (4mks)
4. Highlight four ways in which consumers may protect themselves against exploitation (4mks)
5. Highlight four factors a firm must take into account when deciding on the product(s) to produce (4 mks)
6. Below is a diagram of demand and supply curve



- Highlight four factors that may have led to the above behavior (4mks)
7. Mention four characteristics of good money (4mks)
 8. State four ways in which human resource can positively influence the internal environment of a business (4mks)
 9. State four benefits that Kenya will derive from the completion of Standard gauge railway (SGR) (4mks)
 10. State four characteristics of a successful entrepreneur (4mks)
 11. Name four documents required by the registrar of companies in order to register a Public Limited Company (4mks)
 12. State four circumstances under which cash with order (CWO) may be used by a business (4mks)
 13. Outline four challenges that may be encountered in measuring National income using the output approach (4mks)
 14. Highlight four factors to be considered when choosing a method of product promotion (4mks)
 15. Identify the source documents into which the following information would be recorded (4mks)

Information	Source document
i. Payment received from debtors	
ii. Purchases made on credit	
iii. Validating payments made by cashier	
iv. Sale of a fixed asset on credit	

16. For each of the transaction state the account to be debited and the account to be credited (4mks)

Transaction	Account debited A/C credited
i. Deposited cash into the bank	
ii. Owner withdrew cash for personal use	
iii. Purchased goods on credit	
iv. Sold furniture by cheque	

17. The following information was obtained from Wamwangi traders as at 31st December 2018

	Shs
Stock 1/1/2018	20000
Stock 31/12/2018	30000
Mark up	20%
Rate of stock turn over	7 times

Required

Prepare Wamwangi’s trading account for the year ended 31/12/2018 (4mks)

18. Muriuki prepared a trial balance for his business but it failed to balance. Help him prepare a correct one (4mks)

MURIUKI TRIAL BALANCE AS AT 31ST DEC 2017

Fixed Assets		Liabilities	
Land	110,000	Debtors	80,000
Creditors	60,000	Machinery	90,000
Capitals	230,000	Prepaid rent	10,000
	400,000		180,000

19. State the kind of information recorded in the following ledger accounts

- i) Sales Ledger
- ii) Private Ledger
- iii) Nominal Ledger
- iv) Cash book

20. State four components of a Business plan (4mks)

21. State four roles of Insurance Industry in Kenya (4mks)

22. Outline four measure used by the Central Bank to control supply of money in the economy (4mks)

23. Highlight four features of perfect competition market (4mks)

24. Mention the four elements of transport . (4mks)

25. State the type of unemployment described below (4mks)

- i) Experienced where demand for goods and services is seasonal
- ii) Occurs when a person seems to be employed but is mainly under utilized
- iii) Occurs when jobs are available but one does not have the required qualifications
- iv) Caused by Economic factors leading to poor performance of the Economy

Provided for free by www.freekcsespapers.com . Trusted & used by over 7000 subscribers

NYANDARUA WEST CLUSTERS
2019 EXAMINATIONS
565/2
BUSINESS STUDIES.

1. a) Explain five characteristics of economic resources. [10 mks]
 b) Explain five merits of using audio visual means of communication. [10 mks]
2. a) Explain five circumstances under which a partnership may be dissolved. [10 mks]
 b) The following balances were extracted from the books of Kasuku traders on 30th June 2018.
- | | | | |
|------------|---------|-----------|--------|
| Furniture | 18,000 | Debtors | 40,000 |
| Motal van | 40,000 | Creditors | 50,000 |
| Capital | 75,000 | Cash | 4,000 |
| C.F.C Loan | 50,000 | Bank | 19,000 |
| Stock | 54,000. | | |

The following transactions took place in the month of July 2018.

July 10 Kasuku traders received ksh. 15,000 from a debtor by cheque.

July 15 Bought more furniture worth ksh. 2,500 and paid in cash.

July 20 Took goods worth 14,000 for home use.

Required. Prepare a balance sheet as at 30th July 2018. [10 mks]

3. a) Describe five principles that guide insurance businesses in Kenya. [10 mks]
 b) The following information relates to Rose holdings for May 2015.
- May 1.Sold goods to Garry at ksh. 660.
 May 5.Bought goods from K.N.T.C for ksh. 7500.
 May 10 Bought three office machines at ksh 2,500 each on credit from Fine electronics.
 May 15 Goods worth ksh.1,850 were sold to Jack on credit.
 May 18 She sold old furniture on credit to Twiga motols at KSH. 1,500 whose book value was ksh.1000.

Required. Record the above transactions in appropriate journals. [10 mks]

4. a) Explain five features of monopolistic competition. [10 mks]
 b) Outline five differences between public and private warehouses. [10 mks]
5. a) Explain five documents used in home trade that are prepared by the buyer. [10 mks]
 b) Explain five ways in which the central bank of Kenya controls the operations of commercial banks. [10mks]
6. a) The following transactions were extracted from the books of Furaha retailers.
- April 1.Balance brought forward cash ksh 1,900 cash at bank ksh. 6500.
 April 3.Sold goods in cash ksh. 1,200.
 April 5. Paid transport by cheque ksh. 2,050.
 April 7.Bought goods worth ksh.2,500 in cash less 5% cash discount.
 April 10.Paid postage charges by cheque ksh.3,000.
 April 12.Furaha deposited ksh.600 from cash till to the business bank account.
 April 13.Bought goods ksh .8400 by cheque.
 April 15. Sold some old furniture for ksh 3,900 and received the money by cash.
 April 17.Brought a table to be used in the business whose value was ksh.1,800.
 April 18.Paid electricity bill by cheque ksh.2,100.
 April 20.Sold goods goods against a cheque for ksh.6,600 whose value was ksh.6,850.
 April 21.Took cash ksh 400 for family use..
 April 26.Sold goods on credit to Kamani valued at ksh 4,500.
 April 28.Received cash ksh.1,500 from Bidii stores.
 April 30.Deposited all cash with the bank exceptksh.3,525.
- Required* to prepare a three column cash book duly balanced. [10 mks]

- b) Draw a well labeled diagram to show the effect of increase in demand and increase in supply on equilibrium point, equilibrium price and equilibrium quantity. [10mks]

**KAPSABET BOYS
565/1 BUSINESS STUIES
PAPER ONE**

SECTION A

1. State **four** external factors that may positively influence the operations of a business (4mks)
2. Outline **four** circumstances under which producers may prefer to sell goods directly to the consumers. (4mks)
3. Name four ways through which consumers can be cheated in their dealings with traders (4mks)
4. The following information relates to Tamu Traders for the year ended 31st Dec. 2011

Sh

Fixed Assets	5,000,000
Current Assets	650,000
Net profit	300,000
Current liabilities	650,000
Sales	2,000,000
Closing stock	100,000
Opening stock	200,000
Gross profit margin	20%

Calculate;

(4mks)

- a) Current ratio
- b) Gross profit mark up
- c) Rate of stock turn over
- d) Capital employed.
5. Outline **four** circumstances under which a credit note may be issued. (4mks)
6. The equation given below relate to quantity demanded and the quantity supplied at equilibrium price.
 $Q_{de} = 4P + 50$
 $Q_{se} = 8P + 30$
 Determine the equilibrium price and quantity (4mks)
7. Kendi started a shop dealing in ladies clothing but failed after two years. Outline four factors that many have caused this failure (4mks)
8. Name the type of warehouse described below

Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers

Statement	Type of warehouse
a) Goods can be stored before payment of custom duties	
b) Individuals can hire storage facilities	
c) Goods are stored from several manufacturers	
d) Specialised goods are stored	

9. State **four** ways in which the nature of goods would influence the choice of transport (4mks)
10. Outline any **four** circumstances under which human wants may be fully satisfied (4mks)
11. Highlight **four** ways in which business studies is useful to a community (4mks)
12. State the books of original entry in which the following documents are used. (4mks)
 - a) Incoming invoice
 - b) Incoming receipt
 - c) Outgoing credit note
 - d) Outgoing invoice.

13. State the type of ledger into which the following accounts would be found. (4mks)

Account	Relevant ledger
a) Capital
b) Mueni (debtor)
c) Kariuki (supplier)
d) Bank

14. Outline any **four** advantages of operating in an open office layout. (4mks)
15. George operates a petrol station in Nakuru. He insured his stock worth Ksh 2.4 million for ksh 2 million. Later in the year stock worth ksh 600,000 was destroyed by fire. Calculate the amount he was compensated and give a reason. (4mks)
16. State **four** characteristics of money (4mks)
17. Name the rewards for the following factors of production (4mks)

Factor of production	Reward
a) Employee	
b) Machine	
c) Minerals	
d) Farmer	

18. Outline **four** challenges that may be experienced by a country whose population is made up of a large proportion of young people (4mks)
19. Highlight any **four** characteristics of perfect competition type of market structure (4mks)
20. State the line of communication involved in each of the following. (4mks)
 - a) The manager of ABC company Ltd talking to the manager of XYZ company Ltd
 - b) A secretary asking for time off from her boss
 - c) The production manager giving instructions to the secretary of the sales manager
 - d) The store keeper giving explanations to the chief accountant
21. State the effect of each of the following transactions on the balance sheet totals by writing increase or decrease or no effect in each case. (4mks)

Transaction	Effect
a) Bought machinery on credit	
b) Withdrew cash from the bus for personal use	
c) Purchased stock in cash	
d) Paid outstanding loan by cheque	

Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers

22. Outline the assumptions that the circular flow of income in a closed economy work under (4mks)
23. The following balances were extracted from the books of Wanji traders for the year ended 30th June 2005. (4mks)

Sh	
Debtor	120,000
Creditor	60,000
Machinery	450,000
Cash in hand	70,000
Cash at bank	180,000
5 years bank loan	270,000
Stock	60,000

Prepare a balance sheet of Wanji traders as at 30th June 2005.

24. Outline **four** reasons for maintaining a cash book in a business enterprise. (4mks)
25. Highlight **four** factors that should be considered when choosing a method of promoting a product. (4mks)

KAPSABET BOYS
565/2 BUSINESS STUIES
PAPER TWO

1. a) Outline any five differences between private limited liability company and public limited liability company. (10mks)
- b) Describe five accounting documents used in home trade. (10mks)

2. a) The table below shows the demand and supply schedules for product A in a week.

Price(sh)	Quantity demanded (‘000’ tonnes)	Quantity supplied (‘000’ tonnes)
35	5	80
30	10	65
25	20	55
20	25	40
15	30	35
10	40	20
5	55	5

Use the information in the table above, draw the demand and supply curve showing the market equilibrium for the produce. (10mk)

- b) Explain five benefits that a firm may enjoy by preparing a business plan. (10mks)
3. a) Traders are required to observe ethical practices when carrying out product promotion. Explain five reasons for observing such ethical practices (10mks)
 - c) Explain five benefits that may be realized by a country as a result of government policy to relocate Industries to rural areas. (10mks)
4. a) Outline any five factors to consider while locating a ware house. (10mks)
 - b) On 1stSeptember 2015, Miriam had sh 55,000 in hand and sh. 250,000 in bank. During the month the following transactions took place.
 - Sep 2: Cash sales banked sh 35,260
 - Sep 3: Bought ribbons in cash sh 4,500
 - Sep 8: Paid Wangila, a creditor sh 94,000 by cheque in full settlement of his account after deduction 6% cash discount.
 - Sep 12: Received a cheque for sh 58,800 from Wetu after allowing her cash discount of sh 1,200
 - Sep 15: Paid salaries of sh 34,000 in cash
 - Sep 25: Withdrew sh 50,000 from bank for office use.
 - Sep 28: Anyango a debtor paid her account of sh 75,000 by cheque less 10% cash discount.
 - Sep 30: Deposited all the cash into the bank except sh 13,700

Prepare a three column cash book and balance it off. (10mks)
5. a) Explain any five uses of National Income Statistics (10mks)
 - b) The following trial balance related to Tai Traders as at 31st December 2014

TAI TRADERS
TRIAL BALANCE
AS AT 31ST DECEMBER 2014

Details	Dr (Ksh)	Cr(Ksh)
Stock	10,000	
Bank	3,500	
Purchases	15,000	
Sales		28,000
Returns	800	1,100
Rent		580
Insurance	950	
Creditor		450
Carriage in	1,200	
Discounts	300	1,620
	31,750	31,750

Additional information

- Closing stock was valued at Ksh 2,500
- Carriage out was Ksh 1,200

Required: Prepare trading profit and loss account. (10mks)

6. a) Explain any five reasons why one would prefer to transport goods on road than rail. (10mks)
 b) On 1st January 1993 Makena started a business with sh 120,000 cash and sh 300,000 in the bank. The following transactions were done in the month of January 1993.

- January 3: Bought goods worth sh 60,000 by cheque
- January 10: Sold goods worth sh 35,000 cash
- January 14: Bought goods worth sh 90,000 cash from Odero
- January 18: Paid wages sh 18,000 by cash
- January 20: Withdrew sh 40,000 from bank for office use.

Required;

Record the above transactions in the relevant ledger account, balance them off and extract a trial balance. (10mks)

**KAPSABET BOYS
 BUSINESS STUDIES
 MARKING SCHEME**

- 1.
- Increase in customers income
 - Increase in population
 - Political stability
 - Favourable climatic conditions
 - Lack of competition
- Any other relevant 4 x 1=4mks*

- 2.
- Where market is concentrated in e area/localized.
 - Where the product is of technical nature
 - Where the product is of high value
 - Where the product is perishable
 - Where the producer has high own retail outlet
 - If the goods are produced as per customer’s specification
 - If the producer requires immediate feed back
 - When the consumer can but in bulk.
- Any other relevant 4 x 1=4mks*

- 3.
- Very high prices for products
 - Hoarding of products
 - False advertisement
 - Harmful products
 - Breach of contract
 - Inferior quality goods
- Any other relevant 4 x 1=4mks*

- 4.
- i) $\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current liabilities}} = \frac{650,000}{650,000} = 1:1$
- ii) $\text{Gross profit mark up} = \frac{\text{Gross profit}}{\text{Cost of sales}} \times 100$
- Gross profits = Sales x margin = $\frac{20}{100} \times 200,0000$
 = sh 400,000
- Cost of sales = sales – Gross profit = 2,000-400,000 = 1,600,000
- Mark up = $\frac{400,000}{1600000} \times 100 = 25\% \text{ or } \frac{1}{4}$

KASSU JOINT EXAMINATION

565/1

BUSINESS STUDIES

Paper 1

1. Outline four reasons why food is considered basic want. (4mks)
2. Highlight four reasons that can lead to the dissolution of a cooperative society. (4mks)
3. The following table contains information relating to business A, B and C. Determine the figures represented by W, X and Y. (4mks)

BUSINESS	ASSETS	CAPITAL	LIABILITIES
A	620,000	230,000	W
B	420,000	X	500,000
C	Y	500,000	300,000

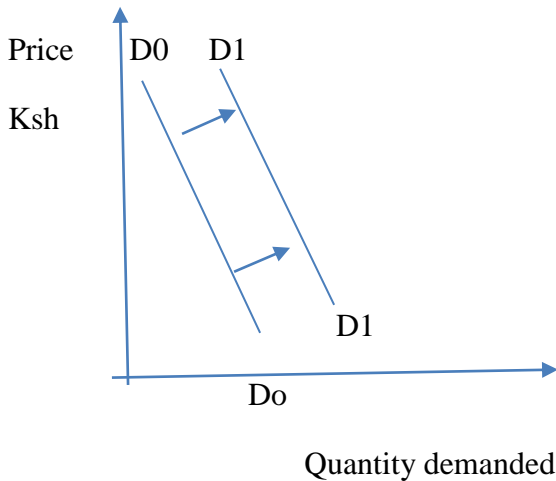
i) W, ii)X, iii)Y, iv) Account for the value of X

4. State the discipline given to each of the following statements. (4mks)

STATEMENT	DISCIPLINE
a) Study of activities that are carried out in an office	
b)study of trade and aids to trade	
c)study of how human beings strive to satisfy their unlimited wants using the limited resources	
d)study of the process of identifying business opportunity and acquiring resources to start and run a business	

Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers

5. Identify any four roles of intermediaries in the chain of distribution. (4mks)
6. Advertising primarily aims at promoting a particular line of a product. Suggest four ways in which advertising can be beneficial to the consumer. (4mks)
7. Agency banking is becoming increasingly popular among commercial banks in Kenya. Highlight four benefits of this development to bank account holders. (4mks)
8. Outline four circumstances under which a business person may find air transport more appropriate than water transport. (4mks)
9. Outline four problems encountered in measuring national income using output approach. (4mks)
10. Mrs Atieno is the human resource manager to the ABC Holdings. Advise her on four ways that can help improve the performance of the entire work force. (4mks)
11. On 1st January 2005, Kamau started a furniture shop with capital of Ksh120,000. During the year he took Kshs12,000 for his sons birthday party. He also brought into the business private furniture worth Ksh20,000. At the end of the period he had made a profit worth Ksh35,000. Determine Kamau’s capital at the end of the period. (4mks)
12. State four fiscal policies that can be used to control inflation. (4mks)
13. Highlight four reasons why a business may find it necessary to adopt a landscape office layout. (4mks)
14. The diagram below shows a demand curve D₀D₀ and D₁D₁



- Highlight four factors that account for the above phenomena. (4mks)
15. State four functions of a proforma invoice as used in Home trade. (4mks)
16. In the table below, state the journal whose source document is given. (4mks)

Source document	Journal
Invoice issued	
Payment voucher	
Incoming invoice	
Receipt issued	
Credit note issued	

17. Outline four importance of pooling or risks to an insurance company. (4mks)
18. Mention four benefits of establishing several firms in an industry. (4mks)
19. In an oligopoly market structure, all firms face a kinked demand curve. Draw a kinked demand curve and briefly outline the concept of price rigidity. (4mks)
20. Differentiate between reproductive debt and dead-weight debt as used in public finance. (4mks)
21. Outline four challenges that a young population poses to a country. (4mks)
22. Highlight four 2030 development goals that the Kenya government aim to achieve. (4mks)
23. The following is a list of ledger accounts. Name the ledger book, in which they are maintained. (4mks)

Account	Ledger book
a)drawings	
b) Kamiritu (Customer)	
c)Sales	
d)Machinery	

24. Define the following terms as used in International Trade. (3mks)
- Terms of trade
 - Balance of trade
 - Balance of payment

25. The following balance sheet belongs to Dowling enterprises.

Dowling Enterprises
Balance sheet
As at 31/12/2015

<u>Fixed Assets</u>		<u>Capital</u>	
Land	450,000	Capital	543,000
Vehicles	250,000		
Fittings	7,500	<u>Long term liabilities</u>	
	707,500	Loan from KIE	100,000
<u>Current assets</u>		Loan from ICDC	<u>75,000</u>
Stock	20,000		175,000
Debtors	12,500	<u>Current liabilities</u>	
Bank	8,000	Creditors	25,000
Cash	5,000	Salaries owing	10,000
	<u>45,500</u>		<u>35,000</u>
	<u>753,000</u>		<u>753,000</u>

Required: Calculate ;

(4mks)

- a) Capital owned
- b) Borrowed capital
- c) Working capital
- d) Capital employed

KASSUJET EXAMINATIONS

565/2

BUSINESS STUDIES**Paper 2**

1. a) State and explain any five factors to consider when choosing an appropriate means of communication. (10 marks)
- b) Discuss five negative effects of inflation in the economy. (10 marks)
2. a) Illustrate using a diagram a circular flow of income and give four assumptions. (10 marks)
- b) Explain five challenges faced by a county government in service provision. (10 marks)
3. a) Discuss any five problems associated with Barter system of exchanging goods.
- b) On 1st June 2018, Ndovu Traders had cash in hand of Sh. 25,000 and Sh. 56,200 at bank. During the month, the following transactions took place:

2018

June 2	Cash sales, Sh. 42,000.
June 5	received a cheque of Sh. 70,500 from Abdala Traders after deducting a 6% cash discount.
June 7	Paid salaries Sh. 24,000 in cash
June 9	Tenai settled his account of Sh.45,000 in cash and was allowed Sh. 1,800 cash discount.
June 12	Cash sales Sh. 46,500.
June 18	Paid Thuita's debt of Sh 100,000 by cheque after deducting 5% cash discount.
June 24	Withdrew Sh.26,000 from the bank for office use.
June 30	Banked all the cash except Sh. 25,000.

Prepare a 3-column cashbook and balance it off on 30th June, 2018. (10marks)

4. a) Explain five ways in which the activities in a bonded warehouse are beneficial to the government (10marks)
- b) Explain any five methods that a county may put in place to prevent free movement of goods and services from other countries. (10 marks)
5. a) Unemployment is one of the major economic problems facing this country. Describe any five measures that the Kenyan government may undertake to solve unemployment.
- b) Explain **five** principles that serve as a guide to a good public expenditure system in a country. (10marks)
6. a) Big Sam intend to start a hardware business. Explain **five** characteristics he should possess in order to be a successful entrepreneur (10marks)
- b) The following information relates to Harun's enterprises;

Details	shs
Stock on 1 st Jan 2012	430,000
Purchases	930,000
Sales	1,155,000
Carriage outwards	25,000
Carriage inwards	10,000
Returns outwards	20,000
Returns inwards	30,000
General expenses	100,000
Insurance	25,000
Stock on 31 st Dec 2012	470,000

Required;

- a) Prepare trading, profit and loss account (6 marks)
- b) Calculate
 - i) Rate of Stock Turnover (2 mark)
 - ii) mark-up. (2 marks)
 - iii) Margin. (2 mark)

Trial
565/1
BUSINESS STUDIES
PAPER I

1. State **four** characteristics of services. (4mks)
2. Outline **four** disadvantages of division of labour. (4mks)
3. Mention **four** advantages of using Automatic Vending Machines. (4mks)
4. Give **four** benefits one gets from self-employment. (4mks)
5. Outline **four** factors to consider when intending to buy office furniture. (4mks)
6. Name the source document to which each of the following description relate. (4mks)

Description**source document**

- i) Issued by the seller to a buyer for cash paid
 - ii) Used for processing and authorizing payment
 - iii) Sent to a credit buyer to demand payment
 - iv) Used to correct undercharge
7. Outline **four** principles of co-operatives. (4mks)
 8. Highlight **four** measures that the government puts in place to create conditions that will be favorable for business development. (4mks)
 9. State **four** advantages of transporting oil by pipeline rather than by road. (4mks)
 10. Outline **four** advantages of audio-visual communication. (4mks)
 11. Highlight **four** ways in which the production activities of firms in your country affect the environment. (4mks)
 12. Highlight **four** disadvantages of a private warehouse. (4mks)
 13. Ragati and Nzonge operates a business with a stock valued at ksh.350,000 and have interests of 3/5 and 2/5 respectively. Ragati decided to insure 2/4 of the stock against fire. Sometimes later fire occurred at their business premises and destroyed stock worth ksh. 250,000. Calculate the amount of compensation Ragati would get from the insurance company. (4mks)
 14. Outline **four** sources of monopoly power. (4mks)
 15. Name **four** sources of public finance. (4mks)
 16. State **four** benefits that would accrue to a customer who borrows a loan from a non-bank financial institution. (4mks)
 17. Match **each** of the statements given below with the relevant type of capital. (4mks)

Statement**Type of capital**

- a. Resource invested into a business by the owner
 - b. Excess of current assets over current liabilities
 - c. Amount invested into the business by outsiders
 - d. Represents total finance in a firm
18. The following information was extracted from the books of farmers choice supermarket on 31st Dec 2009

	shs
Average stock	30,000
Closing stock	40,000
Purchases	336,000
Carriage inwards	2,000
Return outwards	18,000
Margin	1/6

Required. Calculate sales for the year . (4mks)

19. Outline **four** important characteristics of a general journal. (4mks)
20. Apex traders provided you with the following

Margin	25%
Cost of sales	15,000
Opening stock	2,000
Closing stock	1,000
Operating expenses	2% of capital
Sales and capital are in the ratio of 1:4	

Calculate :

- a. Rate of stock turnover
 - b. Purchases
 - c. Return on capital
21. Indicate the subsidiary ledger in which each of the following should be recorded. 4mks

<u>Account</u>	<u>Subsidiary ledger</u>
a. Return inwards	
b. Bank	
c. Drawings	
d. Juma traders (a debtor)	
e. Discount received	
f. Uchumi wholesalers (a supplier)	

22. Highlight **four** types of advertising. (4mks)
23. State **four** natural sources of energy in Kenya. (4mks)
24. The statement below described various types of goods. Identify the type of goods best described by each statement. (4mks)
- a. Owned by the government on behalf of its citizens.
 - b. Goods that are capable of directly satisfying human want.
 - c. Goods that are used to make other goods.
 - d. Goods that get spoilt within a very short time.
25. Identify **four** reasons why many youths in urban centre are starting hawking businesses. (4mks)

Trial II

565/2

BUSINESS STUDIES

PAPER 2

1. (a) Highlight five characteristics of an efficient tax system. (10mks)
 (b) Differentiate between a public limited company and a public corporation. (10mks)
2. (a) Explain clearly the malpractices by traders against which consumers may need protection by the government. (10mks)
 (b) Explain clearly with the aid of a diagram the change in equilibrium as a result of a change in demand of a commodity. (10mks)
3. (a) Discuss five benefits that a customer may get by using Automated Teller Machine (ATM) for financial transactions. (8 mks)
 (b) The following trial balance related to Kimani’s business as at 31st December 2012

	DR(SHS)	CR(SHS)
Stock on 1 st January 2003	60,000	
Purchases and sales	400,000	580,000
Returns	20,000	50,000
Debtors and Creditors	65,000	40,000
Premises	540,000	
Machinery	200,000	
Fixtures and fittings	100,000	
Carriage outwards	8,000	
Wages and salaries	30,000	
Discounts	25,000	32,000
Commissions	16,000	14,000
Cash in hand	70,000	
Capital		818,000
	<u>1,534,000</u>	<u>1,534,000</u>

REQUIRED:

- (a) Prepare a trading profit and loss account for the period ended 31st December 2012 and a balance sheet as at that date if the closing stock was worth shs 70,000 (12 mks)

4. (a) Explain clearly the problems associated with expenditure approach method in measurement of national incomes. (10mks)
- (b) Outline five reasons why ethical practices is necessary in product promotion. (10mks)
5. (a) Jane, a petty cashier was given Sh ,2000 on 1st June 2005. During the month, she made the following payments:
2005
- June 2 Stationery Sh 100, staff tea Sh 80.
 - 5 Telephone bill Sh 50, postage stamps Sh 100.
 - 8 Travelling Sh 200, telephone Sh 100.
 - 10 Stationery Sh 50, staff tea Sh 100.
 - 15 Postage stamps Sh 50, travelling Sh 100.
 - 20 Sundry expenses Sh 100.
 - 23 Stationery Sh 80, telephone Sh 40.
 - 25 Travelling Sh 50, sundry expenses Sh 100.
 - 28 Envelopes Sh 20, staff tea Sh 50.
 - 30 Adhiambo, a creditor, was paid Sh 100.
- Use the following analysis columns to prepare a petty cash book:
Stationery, Staff tea, Travelling. Telephone, Sundry expenses. Ledger accounts. (12 mks)
- (b) Explain five demerits that a country may suffer when the government becomes a major investor in business. (8 mks)
6. (a) Explain the role played by insurance industry in promoting the development of Kenyan economy. (10mks)
- (b) Explain clearly the tools of monetary policy used by the central bank to control inflation. (10mks)

- are intangible/invisible
- are inseparable from the provider
- highly perishable.
- quality cannot be standardized
- price paid is for experience nor ownership
- cannot be stored

Any 4 x 1 = 4mks

2. Disadvantages of division of labour

- social problems
- creates monotony and boredom
- create unemployment
- difficult to know who to identify with the final product
- converts man into a machine like creature
- makes man dependent on only one trade

Any 4 x 1 = 4mks

3. Advantages of Automatic Vending Machines

- give 24 hour service
- saves on labour cost.
- quick customer service
- accurate service
- save rent expenses

Any 4 x 1 = 4mks

4. Advantages of self-employment

- independence
- enjoys all the profits
- job security
- personal satisfaction
- enjoys status and pride

Any 4 x 1 = 4mks

5. Factors to consider when intending to buy office furniture

- compatibility with the intended use and place
- affordability –economical to acquire and maintain
- size of the firm
- durability
- adaptability to future needs
- availability of spare parts
- possibility of hiring rather than buying
- effect on staff morale

Any 4 x 1 = 4mks

6.

- i) cash sale receipt
- ii) payment voucher
- iii) invoice
- iv) debit note

Any 4 x 1 = 4mks

7. principles of co-operatives

- open an voluntary membership
- limited interest on share capital
- democratic administration
- dividend repayment
- education to members
- co-operation with other co-operatives
- have a common bond

Any 4 x 1 = 4mks

8. providing an enabling environment

- provide security
- political stability
- favourable legislation
- provide basic infrastructure
- provide credit finance
- giving subsidies/reducing taxes

Provided for free by www.freekcsepastpapers.com. Trusted & used by over 7000 subscribers
Any 4 x 1 = 4 mks

9. pipeline transport

- transport cost is reduced
- reduced environmental pollution
- loss through accidents on the road is reduced.
- cases of theft of oil are reduced.
- fast transportation
- loss damage on roads
- reduced accidents
- regular /reliable supply

Any 4 x 1 = 4mks

10. advantages of Audio-visual communication

- reach a large audience at the same time.
- have entertainment value.
- enhances the impact made by oral and written communication
- draws quick attention
- suitable for illiterate receivers
- increases the audience's concentration span

Any 4 x 1 = 4mks

11. effects of production on the environment

- depletion of productive resources
- degradation of environment leading to climate change
- pollution if air and water which is detrimental to human and animal life.
- problem of solid and plastic waste disposal which may result in spread of diseases.
- noise pollution which may cause hearing problems to human beings.

Any 4 x 1 = 4mks

12. disadvantages of a private warehouse

- expensive to put up.
- holding too much stock exposes a business to problems such as a fall in prices, expiry of goods, fire, fall in demand e.t.c
- discourages specialization
- poor arrangement can lead to contamination and inaccessibility of goods.
- could be operating in excess capacity during low seasons which can lead to laying off some workers.
- adds administrative costs. Any 4 x 1 = 4mks

13. Ragati interest $\frac{3}{5}$ of 350,000 = 210,000
 He insured $\frac{3}{4}$ of 350,000 = 262,500
(over-insurance)
 Ragatis loss after fire $\frac{3}{5}$ of 250,000 = 150,000
 Compensation = 150,000
Any 4 x 1 = 4mks

14. Sources of monopoly power.

- control of an important factor of production
- legal protection through patent rights and copy rights
- merger/amalgamation
- govt control to eliminate wasteful competition
- where the production requires heavy capital it's not affordable to many firms
Any 4 x 1 = 4mks

15. Sources of public finance

- taxes
- licenses
- count fines
- fees for government services
- rent and rates for use of government property
- escheats Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers
- interest earned on loans
- government borrowing
- proceeds from the sale of government property
- surplus from public corporations Any 4 x 1 = 4mks

16. Benefits of borrowing a loan from NBF1

- get long-term loan
- get finance for capital development
- low interest rates on loans
- management advice on the project
- lower collateral value
- longer grace period Any 4 x 1 = 4mks

17.
 a . owner's equity
 b. working capital
 c. borrowed capital
 d. capital employed
4 x 1 = 4mks

18. sales = cost of sales + gross profit
 cost of sales = opening stock + purchases + carriage inwards – return outwards _ closing stock
 average stock = $\frac{\text{opening stock} + \text{closing stock}}{2}$
 Opening stock = (30,000 x 2) – 40,000 = 20,000
 Cost of sales = 20,000 + (336000 + 2000 – 18000)-40000= 300,000
 Margin = $\frac{1}{6} - 1 = \frac{1}{5}$
 Gross profit = $\frac{1}{5} \times 300000 = 60,000$
 Sales = 300,000 + 60,000 = 360,000 5 x 1 = 5

19. characteristics of a general journal

- A book of original entry – initial stage of recording
- It's a day book – day to day records are made
- Chronological record – record kept in order of occurrence
- each entry is accompanied by a narration
- amounts are recorded in debit and credit columns side by side

Any 4 x 1 = 4mks

20.
$$\text{ROSTO} = \frac{\text{cost of sales}}{\text{Av. Stock}} = \frac{15000}{\frac{2000 + 1000}{2}} = \frac{15000}{1500} = 10 \text{ times}$$

b. purchases = cost of sales = opening stock + purchases – closing stock
 = COS – O.P stock + CL stock
 = 15000 – 2000 + 1000 = 14000

c. return on capital sales = GP + COS
 mark up = $\frac{1}{4} - 1 = \frac{1}{3} = \frac{5000 + 15000}{20,000} = 20,000$
 capital = 20,000 x 4 = 80,000
 gross profit = $\frac{1}{3} \times 15000 = 5000$ expenses = $\frac{2}{100} \times 80000 = 1600$
 net profit = gross profit – expenses
 = 5000 – 1600
 = 3400

ROC = $\frac{\text{net profit}}{\text{Capital}} \times 100 = \frac{3400}{80,000} \times 100 = 4.25\%$

$\frac{1}{2} \times 8 = 4\text{mks}$

21. A. general ledger
 b. cash book
 c. general ledger
 d. sales ledger
 e. nominal ledger
 f. purchases ledger

$\frac{1}{2} \times 6 = 3\text{mks}$

Provided for free by www.freekcepastpapers.com. Trusted & used by over 7000 subscribers

22. Types of advertising

- primary demand
- institutional advertising
- informative
- persuasive
- celebrity
- corrective

Any 4 x 1 = 4mks

23. Sources of energy

- solar
- firewood
- geothermal
- biogas
- hydro-electric power

4 x 1 = 4mks

24. Type of goods

- a. Public goods
- b. Consumer goods
- c. Producer/ capital goods
- d. Non-durable goods

Any 4 x 1 = 4mks

25. The business

- requires low starting capital
- low overhead costs
- is flexible
- easy to manage
- few legal formalities

Any 4 x 1 = 4mks

GATUNDU SOUTH
565/1
BUSINESS STUDIES
Paper 1

1. Outline **four** challenges associated with the satisfaction of human wants. (4mks)
2. State **four** ways in which the government may influence the price of a commodity. (4mks)
3. Below are some factors that influence the operation of a business. Indicate with a tick in the appropriate column the business environment associated with each of the factors. 4 mks

Factor	Internal environment	External environment
a. Customer taste and preference		
b. Price levels		
c. Personnel and knowledge and skills		
d. Foreign exchange rate		

4. The balances below relates to Eureka Traders for the year ended 31st December 2010.

Shs.

Capital	?
2 year Bank loan	230,020
Creditors	95,200
Fixed assets	480,000
Current assets	145,220

Determine the following

- i.) Working capital. (2mks)
 - ii.) Capital employed. (2mks)
5. For each of the following indicate in the spaces provided the account to be debited, the account to be credited and relevant ledger in which account would be maintained. 4 marks

TRANSACTION	A/C Dr	ledger	A/C cr	ledger
a. Mrkoech a proprietor converted a private car into a business asset				
b. Withdrew cash from the business to pay for sons school fees.				
c. Sold delivery van on credit to Fanfan motors				
d. bought furniture and paid by cheque				

- 6 Highlight **four** measures that the government would undertake to provide investors with an enabling business environment. (4mks)
 - 7 Outline **four** circumstances under which vertical downwards communication would be appropriate in an organization. (4mks)
 - 8 Outline **four** drawbacks that accrue to a society that practice subsistence production (4mks)
 - 9 Highlight **four** merits of using indirect taxes to raise government revenue. (4mks)
 - 10 State **four** components of a business plan. (4mks)
 - 11 Outline **four** demerits of using pipeline to transport petroleum products. (4mks)
 - 12 Highlight **four** circumstances which may make personal selling appropriate as a way of product Promotion. (4mks)
 - 13 Raymond traders had the following balances as at 6th January 2012. 4 marks
- | | |
|-----------------|---------|
| Land & building | 150,000 |
| Cash in hand | 25,500 |
| Creditors | 15,000 |
| Bank overdraft | 30,000 |
| Purchases | 18,000 |
| Sales | 30,000 |
| Returns inwards | 5,000 |

Required;

A trial balance as at 6th January 2012

14. Outline **four** monetary methods that the government can use to reduce inflation. (4mks)
 15. Name the office machines used to perform the following functions. (4mks)

Function	Machine
a) To fold documents, place them in the envelope and seal.	
b) Used to transmit printed messages such as Letters ,maps diagrams and photographs	
c) Reproducing documents from a master copy(stencil)	
d) Printing postage impressions on the envelopes	

16. Highlight **four** disadvantages of producer co-operative societies. (4mks)
 17. State **four** objectives of export processing zones in Kenya. (4mks)
 17. Outline **four** circumstances under which firm may be located near a source of raw material (4mks)
 18. Highlight **four** benefits of a bonded warehouse to the government. (4mks)
 19. State **four** features of a departmental store. (4mks)
 20. Outline **four** conditions which are necessary for a successful development plan. (4mks)
 21. State **four** purposes of a three column cash book. (4mks)
 22. Highlight **four** features of general insurance. (4mks)
 23. The following is the population size of a certain country in the last three years

year	Population in (000)
2016	34000
2017	36000
2018	40000

Provided for free by www.freekcsepastpapers.com . Trusted used by over 7000 subscribers

- If the economic growth rate was negative highlight **four** effect of such a population trend. 4mks
 24. Name the source document and the day book to which each of the following description relates 4 marks

DESCRIPTION	SOURCE DOCUMENT	DAY BOOK
a. issued by the seller to buyer for cash paid for goods.		
b. issued by the seller to a credit buyer to demand for payment		
c. used to correct an overcharge for goods returned to the business		
d. Filled when either cash or cheques are deposited in the bank account.		

25. In the table below indicate with a tick which of the following is an injection or withdrawal from circular flow of income. 4mks

item	injection	withdrawal
a. Construction of standard gauge railway		
b. Bought from China 47 X-ray machine for each county medical hospital.		
c. Made it a legal requirement for employee to pay 5% of their employee salary to a housing scheme		
d. Decision made to sell 25% of the oil deposit in Turkana to China		

GATUNDU SOUTH**565/2****BUSINESS STUDIES 565/2****Paper 2**

- 1 (a) Explain **five** types of unemployment found in Kenya today. (10 marks)
- (b) Explain **five** differences between co-operatives and public limited companies. (10 marks)
2. (a) Mahindi's track was involved in an accident and was extensively damaged. However, despite having a policy with an insurance company he was not compensated. Explain any five reasons that may have contributed to this. (10 marks)
- b. Discuss **five** reasons why countries practice restrictions in trade (10 marks)
3. a Explain **five** characteristics of an efficient tax system (10 marks).
- b. Outline **five** factors that may cause a producer to reduce his output to the market. (10 marks)
4. a The Kenyan government may want to reduce the amount of money in circulation. Suggest the possible measures it should take. (10 marks)
- b Explain **five** circumstances under which oligopoly market structure may be created. (10marks)
5. a Explain **five** ways firms stand to benefit as a result of the completion of the standard gauge railway. (10 marks)
- b. On 1st October 2013, Greenland Traders Had shs.10 000 and shs.40 000 at the bank. During the month, the following transactions took place.
 - Oct 2 Bought goods worth shs3,100 by cheque.
 - 3 Paid motor expenses shs.6000 in cash
 - 6 Sold goods worth 8200 cash
 - 10 paid a creditor shs.9500 by cheque after deducting a 5% cash discount
 - 12 Received a commission of shs.580 directly into the bank account.
 - 14 Shelby, a debtor, settled her account of shs.30,000 by cheque less a 2.5% cash discount
 - 15 The bank deducted shs. 850 from the business account for services rendered
 - 19 The owner took shs.1500 by cheque for personal use
 - 23 Paid Maboko traders shs.39,200 by cheque in full settlement of their account less 3% cash discount
 - 24 Withdrew shs.15,000 from bank for business use
 - 26 Received shs.8,200 cash from a debtor in full settlement of a debt of shs.8,500
 - 30 Took all the cash to the bank leaving only shs.1800 in the cash till

Required:

Prepare a duly balanced three column cash book.

(10 marks)

6. a) Explain **five** advantages of division of labour.
b.) The following is the trial balance of Secret Garden as at 31-12-2011

	DR	CR
Purchases and Sales	700,000	1,600,000
Returns	30,000	40,000
Discounts	50,000	35,000
Capital		862,000
Commission	39,000	25,000
Carriage inwards	28,000	
Carriage outwards	135,000	
Debtors and creditors	400,000	300,000
Salaries	220,000	
Bank	266,000	
Cash	94,000	
Buildings	600,000	
Equipment	200,000	
Stock Jan. 1	100,000	
	2,862,000	2,862,000

Additional information

Stock Dec. 31 was valued at shs.94, 000

Required

- (i) Prepare Trading and Profit and Loss Account
(ii) Balance sheet as at 31-12-2011

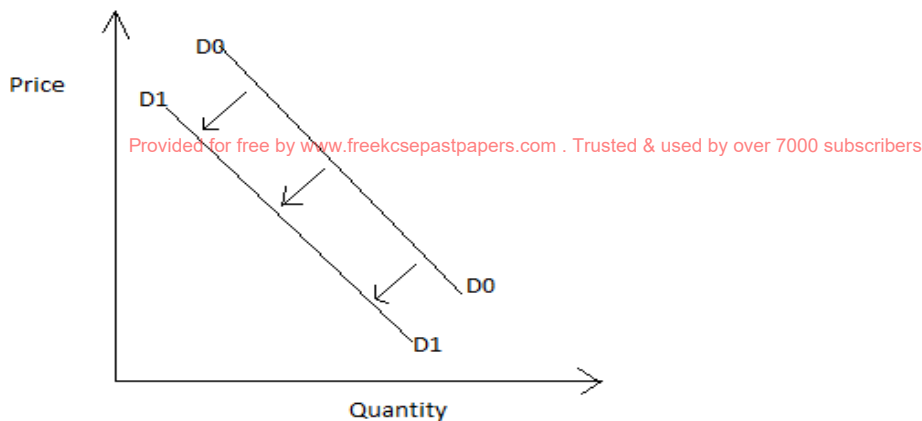
(10 marks).

**THE SALVATION ARMY KENYA WESTTERRITORIAL EVALUATION TESTS (SAKWETET)
565/1
BUSINESS STUDIES
PAPER 1**

1. Name four types of utilities created in each of the following situations. (4marks)

Situation	Utility
i) A dairy farmer delivering milk to Brookside diaries	
ii) Mama mboga selling kales in a market stall	
iii) Freshly harvested fruits stored in a granary	
iv) Recycling wastes	

2. Give four reasons that make an insurance company to decline to insure acts of nature. (4marks)
 3. Outline four ways in which warehousing promotes trade in Kenya. (4marks)
 4. Highlight four uses of an invoice to a seller of goods. (4 marks)
 5. Outline four circumstances under which the use of gestures would be appropriate. (4 marks)
 6. Odato is a retail trader at Okisimo shopping centre and he does not file his business documents. Outline any four challenges he may face as a result of this. (4mks)
 7. Highlight four disadvantages of televisions as a means of product promotion. (4 marks)
 8. State four elements of economic environment that may negatively influence business operations. (4 marks)
 9. Outline four factors that determine the size of a firm. (4 marks)
 10. The diagram bellow shows a shift in demand curve of commodity Y from DODO to DIDI.



- Outline four factors that may have caused the shift in the demand curve. (4 marks)
 11. Outline four challenges that a country with young population is most likely to face. (4 marks)
 12. Upendo Traders had the following information extracted from their books of accounts as at 31st December 2018.

Sh	
Capital (01.01.2018)	3,500,000
Profit	824,440
Drawings for the year	35,220
Capital (31.12.2018)	5,000,000

Required:

- Calculate additional investments for the year. (4marks)
 13. Outline **four** factors that might cause demand-pull inflation. (4marks)
 14. Record the following transactions of Bartoo traders in the relevant books of originai entry (4marks)
 2018: April 2: Sold an old machinery to Tabagon stores on credit sh. 203,000

April 4: Bought furniture from Kopiyo art craft sh.80,600 paying sh. 50,000 by cheque and the balance to be paid later.

April 6: Bartoo deposited sh. 150,000 in the business bank account from own personal savings.

15. Identify the appropriate office machine for each of the following tasks. (4 marks)

	Task	Office machine
(a)	Destroying sensitive but unwanted documents.	
(b)	Trimming documents into required shapes.	
(c)	Folding documents, placing them in envelopes and sealing them.	
(d)	To arrange papers in a required order.	

16. State four features of a monopolistic competition market. (4marks)
17. Mr. Mang'ang's chopper valued at sh. 240,000,000 was insured on comprehensive policy with two insurance companies jointly. Jubilee sh. 120,000,000 and ICEA sh.80, 000,000. It had an accident and was written off by the insurers. Determine the value of compensation. (4marks)
18. Highlight four circumstances under which a trader may distribute his own goods instead of using middlemen. (4marks)
19. Outline four circumstances under which a company may be dissolved. (4marks)
20. Outline four factors that influence the amount of money an individual may hold for transaction motive. (4marks)
21. State four advantages of direct taxes. (4marks)
22. The balance sheet below related to Sam Traders for the year ended 31/Dec/2012

SAM TRADERS
BALANCE SHEET
AS AT 31/12/2018

Provided for free by www.treecsepastpapers.com . Trusted & used by over 7000 subscribers

Capital	160,000	Land	180,000
Add net profit	<u>40,000</u>	Machinery	156,000
	200,000	Van	30,000
5 year loan HPCCK	40,000	Debtors	70,000
15 year loan ICDC	200,000	Stock	134,000
Bank overdraft	16,000	Cash	6,000
Creditors	<u>120,000</u>		
	<u><u>576,000</u></u>		<u><u>576,000</u></u>

Use the above balance sheet to calculate:

- (i) Working capital (2marks)
- (ii) Rate of return on capital. (2marks)
23. Indicate the account to be debited and account to be credited. (4marks)

Transaction	Account Dr	Account Cr
i) Started a business with cash shs 50,000		
ii) Purchased goods worth shs 30,000 on credit		
iii) Purchased a new van for shs 500,000 from Motokaa motors on credit		
iv) Sold goods worth shs 70,000 and payment received by cheque		

24. Explain the following terms as used in business. (4marks)
- Cartel
 - Amalgamation
 - Privatisation
 - Holding company
25. Outline four factors that may limit a person's ability to satisfy his/her human wants. (4marks)

THE SALVATION ARMY KENYA WESTTERRITORIAL EVALUATION TESTS (SAKWETET)

565/2

BUSINESS STUDIES

PAPER 2

- Explain five ways in which the Central Bank of Kenya regulates the operations of commercial banks in Kenya (10marks)
 - Explain the importance of Economic integration to a country. (10marks)
- Explain any five ways in which production activities negatively affect a community. (10marks)
 - Explain any five structural changes that a country experiencing economic development may face. (10marks)
- The following information relates to Obala business for the week ended 30th Nov. 2010
 November 25: Started business with Shs. 160,000 in cash.
 26: Bought goods for shs. 120,000 in cash
 27: Cash sales Shs. 126,000
 28: Paid for electricity Shs. 1,000 in cash
 29: Received cash Shs. 37,500 for rent
 30: Paid commission Shs. 6000 in cash
Required
 - Ledger accounts to record the transactions above.
 - Trial balance as at 30th November 2010 (10 marks)
 - Explain five reasons that may account for the continued existence of direct production in Kenya (10 marks)
- Explain any five negative effects of inflation. (10 marks)
 - Explain five limitations of barter trade. (10 marks)
- The following balances were extracted from the books of Ndulo Investment on 31st May 2009

	Shs
Gross profit	800. 000
Capital	2, 000, 000
Cash at bank	200. 000
Cash in hand	108, 000
Discount received	8, 000
Discount allowed	52, 000
Creditors	1, 124, 000
Debtors	700, 000
General expenses	504, 000
Stock	70, 000
Power	40, 000
Lighting	360, 000
Advertising	87, 000
Furniture	783, 000
Equipment	1, 100, 000

- Prepare
- Profit and loss account for the year ended 31st May 2009.
 - Balance sheet as at 31st May 2009. (10 marks)
- Explain five benefits of M-pesa as money transfer service to its users. (10 marks)
- Explain five circumstances under which a high population growth may be desirable. (10 marks)
 - Explain five benefits that Kenya may derive from preparation of a development plan. (10 marks)

**KANDARA
PAPER 565/1
BUSINESS STUDIES
PAPER 1**

1. Give four characteristics of an entrepreneur. [4marks]
2. State four disadvantage of using intermediaries in the distribution of goods. [4marks]
3. Outline four factors that may hinder occupational mobility of labour. [4marks]
4. Highlight four reasons why the government regulates business activities in the country. [4marks]
5. Give four problems facing co-operative societies. [4marks]
6. Outline four monetary measures to control inflation. [4marks]
7. State four items constitutes injections in the circular flow of income. [4marks]
8. Outline four functions of the stock exchange. [4marks]
9. State four differences between a private warehouse and public warehouse. [4marks]
10. Outline four principles of economic planning. [4marks]
11. State the meaning of the following as used in insurance. [3mks]
12. Give four advantages of an enclosed office. [4mks]
13. Name four types of retailers that mainly sell on cash basis. [4mks]
14. Highlight four disadvantages of external borrowing as a source of government revenue. [4marks]
15. Give four differences between perfect competition and monopolistic competition markets. [4marks]
16. The following information was extracted from the books of Venus Traders.

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

Required

- i) Gros profit [2 marks]
- ii) Sales [2marks]

Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers

17. Highlight four advantages of using rail to transport goods. [4mks]
18. For each of the following transactions, indicate the account to be debited and the account to credited. [4marks]

Transaction	Account to debited	Account to credited
a) Received discount from Adam stores, a creditor		
b) Allowed discount to Shujaa, a debtor		

19. For each of the following transactions, indicate the book of original entry in which the following transactions would be recorded. [4 marks]

Transaction	Book of original entry
a) Bought goods on credit for sale	
b) Sold an old typewriter on credit	
c) Withdrew cash for personal use.	
d) Returned goods bought on credit on credit for sale.	

20. State four implications of a young population on the economy. [4 marks]

21. The following balances were extracted from the books of Wakulima Traders for the year ended 31.12/2006.

Capital	800,000
Machines	600,000
Furniture	200,000
Stock	100,000
Debtors	50,000
Creditors	80,000
Cash	10,000
Net profit	10,000
Bank overdraft	70,000

Required

Wakulima Traders Balance Sheet as at 31/12/2006.

[5marks]

22. Outline four functions of the Central Bank. [4marks]
 23. Give four factors that may render communication ineffective. [4 marks]
 24. The following balances were extracted from the books of Roho Safi Merchants for the year ended 31st December 2006.

Land	-	110,000
Debtors	-	64,000
Capital	-	156,000
Sales	-	95,000
Purchases		58,000
Stock	-	35,400
Creditors	-	47,700
General Expenses	-	41,800
Bank overdraft	-	10,500

Provided for free by www.freeksesolutions.com . Trusted & used by over 7000 subscribers

Prepare a trial balance as at 31, December 2006.

[5marks]

25. Highlight three features of public corporation.

[3 marks]

KANDARA
565/2
BUSINESS STUDIES
FORM 4 TERM TWO EXAMINATION 2018
PAPER 2

ANSWER ANY FIVE QUESTIONS

1. (a) Explain five external factors that may negatively affect operation of a business enterprise. (10 mks)
 (b) Outline five reasons that may influence a producer to distribute his products directly to consumers. (10 mks)
2. (a) Outline five ways of improving the efficiency of a warehouse. (10 mks)
 (b) The following opening balances were extracted from the books of Wafula traders on 1st January 2018

DETAILS	KSH
Premises	500 000
Furniture	40 000
Creditors	10 000
Debtors	30 000.
Bank	60 000
Cash	5000
Vehicle	300 000
Capital	525 000
5 year loan	400 000

The following transaction took place in the course of the month

- (i) Took ksh 2000 cash for family use
 (ii) Purchased furniture worth sh 5000 by cheque
 (iii) Received a cheque of sh 20000 from a debtor
 (iv) Bought stock for sh 50 000 on credit

Prepare Wafula Traders balance sheet as at 31st January 2018. (10 mks)

3. (a) Explain five circumstances under which a country may realize a deficit in its balance of payment. (10 mks)
 (b) Outline five principles of a good development plan. (10mks)
4. (a) Explain five factors that should be considered by a firm when deciding on the method to use for promoting his products. (10 mks)
 (b) On 1st January 2017, Muranga Traders had sh 21 000 in cash and sh 200 000 at bank. During the month the following transaction took place;
 2nd Jan –Made cash sales sh 340 000
 10th Jan –Received a cheque for 530 100 from kamau Traders in full settlement of their debt after allowing a 5% cash discount.
 12th Jan –Paid wages sh 110 000 in cash.
 15th Jan- Withdrew sh 150 000 from the bank for office use.
 20th January- Deposited sh 80 000 from cash till into the bank account.
 25th January- Paid Njoro Traders sh 69 000 in cash after deducting a cash discount of sh 5000.
 28th Jan-Settled Twiga Traders account of sh 190 000 by cheque less 10% cash discount.
 30th Jan- Deposited all the cash into the bank except sh 52000.

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

5. (a) Explain five reasons why business people prefer to operate bank current account. (10 mks)
 (b) Explain five sources of finances for a co-operative society. (10 mks)
6. (a) Outline five advantages of the standard gauge railway (SGR) to the Kenyan economy. (10 mks)

(b) The following balances were extracted from the books of Kenol traders for the year ended 31st December 2016.

shs	
Debtors	150 100
Stock	80 000
Rent	16 200
Drawings	41 500
Motor vehicle	790 000
Bank loan	300 000
Salaries	260 000
Furniture	60 000
Creditors	210 000
Discount received	15 000
Gross profit	190 000

ADDITIONAL INFORMATION;

- (i) Interest on loan is charged at 14 % per year .This interest was still owing on 31st December 2016.
- (ii) Rent unpaid on 31st December 2016 was sh 3600.
- (iii) Motor vehicle is depreciated by sh 134 500 while furniture is to be depreciated by sh 10 080 per year ;

PREPARE;

- (a) Profit and loss account for the year ended 31st December 2016. (7 mks)
- (b) Balance sheet as at 31st December 2016. (5 mks)

Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers

**KANDARA
FORM FOUR END OF TERM TWO 2019
BUSINESS PAPER 565/1
MAKING SCHEME**

1. Give four characteristics of an entrepreneur. [4marks]
 - Risk taker
 - Innovative creative
 - Hard working
 - Independence or autonomy
 - Aggressive
 - Self-confidence

2. State four disadvantage of using intermediaries in the distribution of goods. [4marks]
 - Increase costs of making goods (expensive)
 - Goods not reach the market at the right time/when needed.
 - Goods might get demanded due to misunderstanding
 - Goods may be adulterated.
 - Some goods may perish

3. Outline four factors that may hinder occupational mobility of labour. [4marks]
 - Long training period required
 - Lack of skills required
 - Fear of unknown/change
 - High cost of retaining

- Lack of adequate information about opportunities in other fields.
4. Highlight four reasons why the government regulates business activities in the country. [4mkarks]
- To control unhealthy/wasteful competition
 - To curb illegal business
 - To protect consumers against malpractices by traders
 - To control environmental degradation
 - The stabilize the economy.
5. Give four problems facing co-operative societies. [4mkarks]
- Lack of capital/finances
 - Inability to attract qualified personnel due to low pay
 - Limited use of modern technology
 - Mismanagement and embezzlement of funds
 - Political interferences
6. Outline four monetary measures to control inflation. [4marks]
- Raising the bank rate
 - Selective credit control
 - Raising cash ratio
 - Open market operation i.e sale of government securities.
7. State four items constitutes injections in the circular flow of income. [4marks]
- Government expenditure
 - Exports
 - Investments
 - Private consumption
8. Outline four functions of the stock exchange. [4marks]
- Facilitate buying and selling of shares.
 - Mobilizing savings for investment
 - Lists and delists companies
 - Monitor performance of quoted companies

Provided for free by www.freekosepastpapers.com . Trusted & used by over 7000 subscribers

9. State four differences between a private warehouse and public warehouse. [4marks]

Private warehouse	Public warehouse
i) Owned by manufacturers/wholesalers/farmers	i) Owned by individuals for renting storage spaces.
ii) Used in storing owners' god only	ii) Used by any member of the public wishing to rent space to store goods.
iii) Located near the owners premises	iii) Usually located in towns and in terminals
iv) Usually small in size.	iv) Usually large in size
v) Insurance is optional	v) Insurance is mandatory

10. Outline four principles of economic planning. [4mks]
- Consistency
 - Compatibility
 - Flexibility
 - Comprehensiveness
 - optimal
11. State the meaning of the following as used in insurance. [3mks]
- insured – one who takes the insurance policy
 - premium – regular payments made to an insurance company as consideration for cover.

- Surrender value – amount payable to the insured who decides to terminate an endowment policy after paying premiums for a prescribed minimum duration of time.
12. Give four advantages of an enclosed office. [4mks]
- Members staff can enjoy maximum concentration due to less disturbance
 - It offers privacy
 - May afford security for individuals and organsiation’s documents and property
 - Easy to clean and tidy up
 - May provide adequate working space`
13. Name four types of retailers that mainly sell on cash basis. [4mks]
- Super market
 - Mail order stores
 - Automatic vending machines
 - Hawkers/peddlers
14. Highlight four disadvantages of external borrowing as a source of government revenue. [4marks]
- Amount borrowed is payable with high interest rates
 - May worsen the balance of payments
 - May lead inflationary tendencies.
 - Loan may be tied to a specific project therefore denying the recipient the freedom to put the money into alternative projects.
 - Overdependence on borrowing may lead to economic and political blackmail
15. Give four differences between perfect competition and monopolistic competition markets. [4marks]

Perfect competition	Monopolistic competition
i) Goods are homogeneous	i) Goods are differentiated.
ii) Perfect knowledge of market conditions	ii) No perfect knowledge of market competition
iii) Demand curve for individual firms is perfectly elastic	iii) Demand curve for individual firms is highly elastic
iv) All firms earn normal profits in the long run.	iv) Firms can influence price to some extent
v) Firms are price takers	v) Possible for firms to earn supernormal profits in the long run depending on the degree of product differentiation.

16. Cost of sales
Average stock rate of stock turnover

$$\frac{\text{Cost of sales}}{160,000 + 200,000} = 3$$

$$\frac{\text{Cost of sales}}{2} = 3$$

$$\frac{\text{Cost of sales}}{180,000} = 3$$

$$\text{Cost of sales} = \text{sh } 540,000$$

$$\text{Gross profit} = \frac{20}{100} \times 540,000$$

$$= \text{sh } 108,000$$

Sales = cost of sales + gross profit
 Sales = sh 540,000 + sh 108,000
 Sales = sh 648,000

17. Highlight four advantages of using rail to transport goods.

[4mks]

- Has a large carrying capacity for goods
- Cheap in terms of transport costs
- Safety of goods since there is minimal handling of goods.
- Provides loading and off-loading equipment at terminals
- Storage facilities for goods are available.

18. For each of the following transactions, indicate the account to be debited and the account to credited.

[4marks]

Transaction	Account to debited	Account to credited
a) Received discount from Adam stores, a creditor	Adam stores a/c	Discount received a/c
b) Allowed discount to Shujaa, a debtor	Discount allowed a/c	Shujaa a/c

19. For each of the following transactions, indicate the book of original entry in which the following transactions would be recorded.

[4 marks]

Transaction	Book of original entry
a) Bought goods on credit for sale	Purchases journal
b) Sold an old typewriter on credit	General journal
c) Withdrew cash for personal use.	Cash payment journal
d) Returned goods bought on credit on credit for sale.	Purchases returns journal/return outward journal

20. State four implications of a young population on the economy.

[4 marks]

- High dependency ration
- Low supply of labour
- Per capital income may be low
- Most resources are channeled towards provision of the needs for youth.
- Low savings

21. The following balances were extracted from the books of Wakulima Traders for the year ended 31.12/2006.

Capital	800,000
Machines	600,000
Furniture	200,000
Stock	100,000
Debtors	50,000
Creditors	80,000
Cash	10,000
Net profit	10,000
Bank overdraft	70,000

Required

Wakulima Traders Balance Sheet as at 31/12/2006.

[5marks]

Wakulima Traders
Balance Sheet
As at 31/12/2006

	sh	sh	sh	sh
Fixed assets				
Machines	600,000		capital	800,000
Furniture	200,000		Add net profit	10,000
		800,000		810,000
Current Assets			Current liabilities	
Stock	100,000		Creditors	80,000
Debtors	50,000		Overdraft	<u>70,000</u>
Cash	<u>50,000</u>			
		<u>160,000</u>		150,000
		<u><u>960,000</u></u>		<u><u>960,000</u></u>

22. Outline four functions of the Central Bank. [4marks]
- Responsible for currency issue.
 - Acts as a banker to the government
 - Act as a banker to commercial bank
 - Lender of last resort
 - Acts as a clearing house for inter-bank cheques
 - Dealing in foreign exchange
23. Give four factors that may render communication ineffective. [4 marks]
- Noise
 - Prejudgment
 - Poor listening
 - Sender using language not understood by the receiver
 - Timing is not appropriate
24. The following balances were extracted from the books of Roho Safi Merchants for the year ended 31st December 2006.

Land	-	110,000
Debtors	-	64,000
Capital	-	156,000
Sales	-	95,000
Purchases		58,000
Stock	-	35,400
Creditors	-	47,700
General Expenses	-	41,800
Bank overdraft	-	10,500

Prepare a trial balance as at 31, December 2006. [5marks]

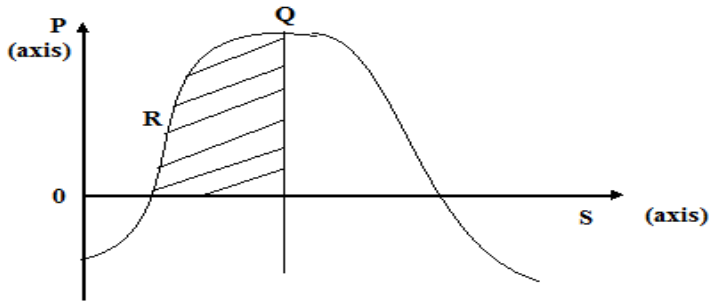
MUMIAS EAST JOINT EVALUATION

BUSINESS STUDIES

565/1

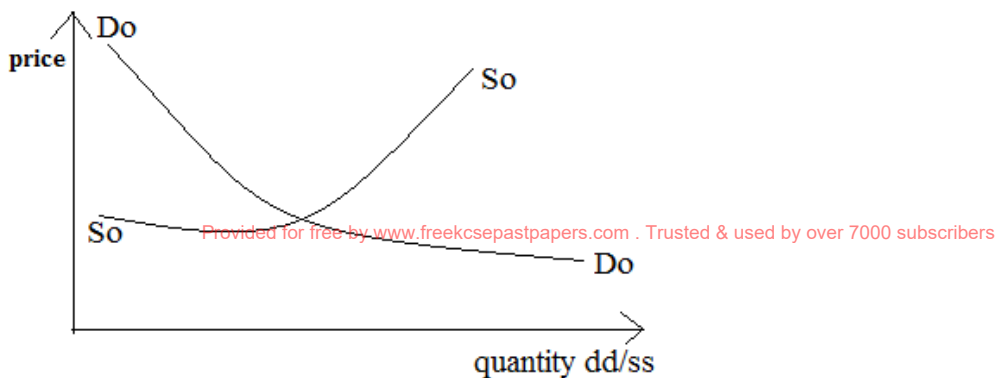
PAPER 1

1. Outline for features of basic wants (4mks)
2. Give four factors that may promote the growth of entrepreneurship in Kenya. (4mks)
3. Mrs. Akuta’s vehicle was involved in a road accident. Describe the procedure for making an insurance claim if she had a valid policy. (4mks)
4. The diagram below represents the relationship between population and income per capita



State what is represented by P,

5. The graph given below represents the demand and supply curves of milk.



State four effects of a shift of the supply curve to the left. (4mks)

6. The following balance sheet was incorrectly prepared.

**MIWA TRADERS
BALANCE SHEET
FOR THE YEAR ENDED 31/12/2018**

	Ksh.		Ksh
Stock	5000	Furniture	50000
Bank overdraft	5000	Debtors	7000
Cash	900	Capital	66000
	<u>19000</u>		<u>123000</u>

Prepare a correct balance sheet.

7. Outline four factors that may hinder the development of a country. (4mks)
8. Describe four channels of distribution that a Kenyan manufacturer would use to ensure goods reach consumers in another country. (4mks)
9. Highlight four factors that one may consider when selecting a means for communicating. (4mks)
10. State four limitations of barter trade (4mks)
11. State four uses of balance sheet for business organization (4mks)

12. For each of the following types of account, indicate by writing Dr. or Cr. The side of record for increase and decrease.

Types of A/C	Increase	Decrease
Asset		
Capital		
Revenue		
expense		

13. Outline four ways in which land influences the location of industries (4mks)
 14. The table below contains descriptions relating to some types of warehouse. In the space provided, write the type of warehouse to which each description refers:

Description	Type
a) Used to store exports and imports	
b) Anybody can rent spaces in it for storing goods temporarily	
c) Operated for the owners exclusion use	
d) Owned and operated by manufacturers and farmers	

15. Outline four reasons why a multinational company may prefer setting up a production unit in a developing country instead of exporting finished goods to the country. (4mks)
 16. In the spaces provided name the office equipment used to perform each of the following tasks.

Functions	
a) Printing stamp impression on envelopes	
b) Cutting papers into required sizes	
c) Pinning papers together	
d) Recording, processing, sorting and retrieving information	

17. State four advantages of sole proprietorship form of business (4mks)
 18. Outline four reasons why a government may find it necessary to protect consumers
 19. Explain the following terms as used in international trade
 a) LOCO
 b) FOR
 c) FAS
 d) Bill of landing
 20. Outline four advantages of direct taxes
 21. For each of the following transactions indicate with a tick (✓) the effect on capital (4mks)

transaction	Incr ease	Decr ease	No Effect
i. Withdrew cash for personal use			
ii. Used personal savings to buy stock			
iii. Paid a creditor by cheque			
iv. Bought office furniture in cash			

22. State four uses of an invoice for a seller of goods. (4mks)
 23. List four qualities of an office messenger. (4mks)
 24. Outline four reasons why a school in Nairobi may prefer to transport its sixty students to a music festival in Mombasa by train rather than by bus. (4mks)
 25. In the spaces provided, indicate by writing true or false, whether each of the following statement is true or false about articles of association of a company

Statement	True/false
a) Contains the activities the company is engaged in	
b) Indicate the process to be followed in calling meetings	
c) Indicate the liabilities of the shareholders	
d) Contains the rights of each shareholder	

MUMIAS EAST SUB COUNTY JOINT EVALUATION TEST 2019

562/2

BUSINESS STUDIES

PAPER 2

- 1 a) Describe five roles of an office as a centre of communication. (10mks)
 b) Explain five reasons for raising finances through sale of ordinary shares instead of debentures. (10mks)
- 2 a) Other than the instruments used by the Central Bank to control credit creation, explain five methods used to control inflation (10mks)
 b) Explain Five factors considered when evaluating a business idea (10 mks)
3. a). The following transactions relate to Mega Wholesalers for the month of March 2011.
 March 1: Bought goods on credit from Kawe distributors Shs.26, 200, Kamakia Shs.15600, Mambo shs.33360
 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 from 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 Sama Shs.53, 850.
 March 26: Credit sales to Kamanja Shs.16, 600, Orenge Shs.19, 260 and Wama trade shs. 15200
- Required:* Enter the above transactions in the respective books of original entry. (10MKS)
- b). Describe five ways a country may use to restrict foreign trade. (10marks)
- 4 a) Explain five benefits of prize winning competition in product promotion. (10mks)
 b) Explain five challenges associated with overpopulation. (10mks)
- 5 a) In spite of benefits of large scale operations, small firms continue to exist. Explain five factors that justify the existence of small firms. (10 mks)
 b) Explain five limitations of a trial balance. (10 mks)
- 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 31st 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 st Dec 2012) | 120,000 |
| Bank overdraft | 4,000 |
| Capital | 170,000 |

Required

- (i) Prepare a Trading, Profit and loss account for the year ended 31st December 2012 (8mks)

(ii) Prepare a balance sheet as at 31st December 2012

SUNSHINE
565/1
BUSINESS STUDIES
Paper 1

1. Outline four reasons why a business is important. (4mks)
2. Highlight four factors that a business enterprise would consider as a benefit of choosing a favourable physical environment for it to thrive. (4mks)
3. State four reasons why consumers may need to draw a scale of preference before satisfying their human wants. (4mks)
4. Name the factors of production that each of the following resources relate to (4mks)

Resources	Factor of production
a)teacher	
b)computer	
c)water	
d)sole proprietor	

5. State four ways in which a society may benefit from indirect production. (4mks)
6. "Most secondary schools maintain that students should pay fees with cheques and not cash" outline four benefit that schools will achieve from this (4mks)
7. Using the book-keeping equation, indicate the correct figure in the empty spaces provided. (4mks)

Assests	Capital	Liabilities
a) 180,000	50,000	-
b) 200,000	-	90,000
c) -	45,000	38,000
d) 150,000	-	50,000

8. Mention any four factors that account for the high demand for cell phones/mobile phones in Kenya today. (4mks)
9. Outline any four circumstances under which a manufacturer would sell goods directly to consumers. (4mks)
10. The following transactions were found to have been entered incorrectly in the ledger accounts.

Sales A/c	
Dr	Cr
June 26 Debtor Ksh 1500	
Debtors A/c	
Dr	Cr
	June 26 sales Ksh 15,000
Creditors A/c	
Dr	Cr
June cash at Kshs 5000 14 th Bank	

Cash at Bank A/c	
Dr	Cr
June	Kshs
14 th creditors	5000

- a) State the correct transaction that took place on (2mks)
 - i) June 14th
 - ii) June 26th
 - b) State the name for error committed in recording transaction on (2mks)
 - i) June 14th
 - ii) June 26th
11. Highlight four roles played by entrepreneurs in the production of goods. (4mks)
12. Highlight four reasons why a government may set up Parastatals to supply essential goods to its people (4mks)
13. Outline four ways in which commercial banks facilitates payments on behalf of their customers. (4mks)
14. Highlight four ways in which production activities may negatively impact on community health (4mks)
15. State the line of communication involved in each of the following
- i) The principal of Sunshine Secondary School talking to the Principal of Alliance High School
 - ii) The store keeper giving explanations to the chief accountant.....
 - iii) A secretary asking for time off from her supervisor.....
 - iv) The production manager giving instructions to the secretary of the sales manager.....
16. Highlight four advantages of Direct taxes. (4mks)

Provided for free by www.freecsepastpapers.com . Trusted & used by over 7000 subscribers

17. XYZ enterprise had the following assets and liabilities on 1st June 2018

Details	Ksh
Cash at Bank	50,000
Equipment	800,000
Stock	250,000
Capital	1,200,000
Debtors	200,000
Creditors	100,000

The following transactions took place on 3rd June 2018

- a) Bought goods for resale sh150,000 on credit
- b) A debtor paid shs100,000 by cheque
- c) Sold the equipment for shs900,000 cash

Required

Prepare XYZ enterprise balance sheet after the above transaction

- 18. State four features of bonded warehouse (4mks)
- 19. Highlight four features of a monopolistic market structure (4mks)
- 20. Outline four causes of inflation in a country like Kenya (4mks)
- 21. In the spaces provided, write increase, decrease or no effect to show the effect of each one of the following transactions on the assets, liabilities and capital

Transactions	Assets	Liabilities	Capital
i)bought furniture on credit			
ii)took stock of goods and donated to a local health centre			

iii) sold stock of goods receiving cash but on profit			
Received a cheque from a debtor			

- 22. Mention four limitations of advertising as a means of sales promotion (4mks)
- 23. Outline four problems that may prevent the achievement of economic integration in East Africa (4mks)
- 24. Highlight four importance of trading account to the business persons (4mks)
- 25. Outline four importance of national income statistical to the government. (4mks)

**SUNSHINE
BUSINESS STUDIES
565/2
PAPER 2**

1. a) The following information relates to demand and supply schedule for goods.

Price per unit (Ksh)	Quantity demanded	Quantity supplied
50	160	20
100	140	40
150	120	60
200	100	80
250	80	100
300	60	120
350	40	140
400	20	160

Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers

- Plot the supply curve and demand curve on the same axes. Use the curves to determine equilibrium price, equilibrium point and equilibrium quantity. (10mks)
- b) Discuss the five factors that may influence the growth of a business unit. (10mks)
 - 2. a) Explain the five roles played by the jua kali sector in the development of Kenya today. (10mks)
 - b) Explain the differences between private limited company and public limited company. (10mks)
 - 3. a) Explain five limitations of using National income statistics to measure standards of living in a country. (10mks)
 - b) Mr Malinge had the following balances in his cash book on 1st November, 2006.
Cash in hand shs.60,000
Cash at bank shs.20,000 cr
- The following transactions took place during November, 2006
- Nov. 3: cash purchases shs.1500
 - Nov. 4: cash sales shs.420,000 paid directly into the bank account
 - 6: bought office equipment paying bycheque shs.20,000
 - 8: credit sales to Midamba shs.50,000
 - 9: paid in cash; postage shs.200, insurance shs150 and electricity shs400
 - 10: bought land paying bt cheque shs84,000
 - 12: received a cheque from Mwangi a debtor shs.70,000
 - 16: took cash ksh.1000 for his personal use
 - 17: drew shs4200 from bank for office use
 - 20: took all the cash to the bank leaving a balance of only shs800

Required

- Prepare a two column cash book from the above transaction and balance it off. (10mks)
- 4. a) Explain five problems that Kenya experience due to concentration of industries in the urban centre (10mks).
- b) Discuss five role played by warehousing as an aid to trade among others. (10mks)

5. a) Njoroge wholesalers had the following items on 1st December 2016

ITEMS	Ksh
Land	720,000
Motor vehicle	630,000
5 year loan	540,000
Creditors	135,000
Debtors	270,000
Stock	225,000
Cash at bank	180,000

The following transactions took place in the month of December 2016

- paid part of the loan by cheque ksh120,000
- some debtors paid by cash shs75,000
- sold the motor vehicle for cash 600,000
- paid part of the creditors by cash shs90,000

Required

- Prepare Njoroge wholesalers balance sheet after the above transactions. (10mks)
- Discuss the five main factors that influence the demand for a particular good or service. (10mks)
6. a) Explain five factors to consider when choosing means of communication. (10mks)
- Record the following transactions relating to Luanda wholesalers in the appropriate ledger account and balance them off. (10mks)

2017

- Jan** 1: cash at bank kshs100,000
 2: cash sales kshs25,000
 3: bought goods worth kshs18,000 and paid by cheque
 9: sold goods on credit to Soitara worth ksh7,500
 12: withdrew kshs20,000 from bank for child's school fees
 15: bought stock of goods on credit from Maku stores ksh12,000
 20: sold goods worth kshs 16,600 and the payments was made directly into the bank
 22: received a cheque of ksh5000 from Soitara
 30: paid Maku stores ksh10,000 cash

TRIAL II

565/ 1

Business Studies

Paper 1

1. Highlight four social responsibilities of a business to its customers. (4mks)
2. State four gaps that may exist in a market to present an entrepreneur with a business idea. (4 mks)
3. In each of the following cases, state the type of office department described. (4 marks)

Description	Type of department
Dealing with complaints from customers	
Recruitment, employment and placement of staff.	
Maintaining a record of all suppliers of goods and services.	
Processing, manufacturing and assembling of products	

4. Draw four channels of distribution for imported maize. (4 marks)
5. In Kenya, there is a wide gap between the rich and the poor. Highlight four factors that contribute to this disparity in income distribution. (4 mks)
6. Give four reasons why most firms are preferring open office layout. (4 mks)
7. State **four** advantages of using the internet as a means of communication. (4mks)
8. Identify **four** reasons why hawking is very popular among the Kenyan youth. (4mks)
9. The following information relates to Beta Traders.

	Shs.
Capital on 1 st Jan. 2009	700,000
Drawings during the year	80,000
Investments during the year	460,000
Capital on 31 st Dec. 2009	900,000

Required:

Determine net profit/net loss during the year. (4mks)

10. Insurance business has become very unpopular among investors. Highlight **four** challenges that have resulted to this. (4mks)
11. Outline **four** ways in which land influences the location of industries. (4mks)
12. Highlight **four** disadvantages of external borrowing as a source of government revenue. (3mks)
13. Given below is a cash book extract from the books of account of Patel Enterprises.

2009			Sh	Sh	Sh	2009			Sh.	Sh.	Sh.
Dec 1	Balance	b/d		15,000	Dec 14	Dec 14	Bank	C		30,000	
2	Rono		2,000	38,000	20	20	Equipment				80,000
14	Cash	C			31	31	Drawings			7,000	

In relation to the entries appearing in the cash book extract, state the transactions that took place on each of the following dates. (4 marks)

- (a) 2nd December, 2009.
- (b) 14th December, 2009.
- (c) 20th December, 2009.
- (d) 31st December, 2009.

14. Name **four** ways in which the price of a commodity may be determined. (4 marks)

15. The following balances were extracted from the books of Nyaosi investment on 30th June, 2010.

	Ksh.
Sales	320,000
General expenses	76,000
Salaries	28,000
Cost of sales	240,000

- a) Prepare the Trading, Profit and Loss Account for Nyaosi investment. (3 marks)
- b) Calculate the profit margin (1 mark).
- 16. Highlight **four** advantages of transporting oil by pipeline rather than by road. (4 marks)
- 17. Give **three** differences between international trade and domestic trade. (3 marks)
- 18. Highlight **four** reasons that make it important for basic wants to be satisfied first before secondary wants (4mks)
- 19. Outline **four** reasons why cartels should be discouraged in a country (4mks)
- 20. In the spaces provided below indicate with a tick (✓) whether the following transactions will increase, decrease or have no effect on capital (4mks)

Transaction	Increase	Decrease	No effect
a) Sold a business van for cash			
b) Converted a private computer to business use			
c) Took stock from business for personal use.			
d) The business made profit			

- 21. With Kenya targeting Millenium Development Goals and Vision 2030, planning has become key component in their realization. Outline four qualities of a good development plan (4mks)
- 22. State **four** circumstances under which a businessman may prefer to build his own warehouse instead of using a public warehouse Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers (4mks)
- 23. Outline **four** benefits a customer may get when buying goods from a supermarket (4mks)
- 24. The following information relates to Jua Kali traders as at 1st December 2008.

	kshs
Premises	190,000
Debtors	25,000
Cash at bank	15,000
Capital	230,000
Creditors	30,000
Stock	30,000

The following transactions took place in the month of December 2008.

- Dec. 5th bought goods by cheques shs. 5,000
- Dec 8th Recovered from debtors Shs. 10,000
- Cash.
- Dec 15th paid creditors 8,000 cash.
- December 31st brought into the business 20,000 cash from personal savings.

Required:

- Prepare the balance sheet as At 31/12/2008 (5mks)
- 25. State four advantages of self-employment (4mks)

TRIAL II

565/ 2

Business Studies**Paper 2**

1. a) Describe **five** methods which may be used by commercial banks to advance money to customers (10mks)
- b) Explain **five** factors that influence the choice of a channel distribution (10mks)
2. a) Differentiate between a co-operative society and a public limited company (10mks)
- b) Explain **five** importance of entrepreneurship in Kenya. (10mks)
3. a) Discuss five ways the Kenyan economy benefits from indirect production. (8mks)
- b) The following trial balance was extracted from the books of Gatukuyu Enterprises for the year ended 2009.

Gatukuyu Enterprises
Trial Balance as at 31st Dec 2009.

	Dr (Shs.)	Cr (Shs.)
Capital		250,000
Drawings	32,500	
Opening stock	46,100	
Purchases	284,400	
Sales		415,300
Return inward	3,600	
Return outward		6,700
Carriage inward	27,900	
Carriage outward	10,000	
Discount allowed	3,400	
Furniture	25,000	
Motor vehicle	144,700	
Creditors		54,250
Divided income		1,900
Premises	100,000	
Debtors	48,500	
	728,150	728,150

Additional information:

Closing stock was valued at Shs.55,300

Depreciation is to be written off on fixed assets as follows;

15% on motor vehicle and 10% on furniture, both to be calculated on cost

Prepare

- i) Trading profit and loss account for the year ended 31st Dec 2009. (7mks)
 - ii) Balance sheet as at 31st Dec 2009. (5marks)
4. (a) Explain any FOUR factors that may be used in determining the size of a firm. [8 marks]

(b) The following information relates to Kagendo Trader as per the dates shown.

	1/1/2006	31/12/2006
Motor vehicles	80,000	145,000
Debtors	25,000	28,000
Creditors	18,000	20,000
Outstanding standing	6,000	8,000
Rent received in advance	10,000	4,000
Office machine & equipments	35,000	31,000
Stock	6,000	8,000
Premises	150,000	150,000

Kagendo had prepared a summary of cash transaction for the year 2006 as shown below.

Cash book summary

Cash in hand b/d	5,000	Salaries	101,000
Cash at bank b/d	46,000	Drawings	12,000
Debtors	90,000	Creditors	50,000
Cash sales	102,000	Cash purchases	70,000
Rent	116,000	Motor vehicle	85,000
		Insurance & rates	15,000
		Cash in hand c/d	8,000
		Cash at bank b/d	18,000
	359,000		359,000

Required: Prepare Kagendo’s trading profit and loss a/c for the year ended 31st Dec. 2006 and a balance sheet as at 31st Dec. 2006. Provided for free by www.freekcsepastpapers.com . Trusted & used by over 7000 subscribers [12 marks]

5. (a) It has been the will of the government of Kenya to create 500,000 jobs per year. Explain five reasons which have hindered the achievement of this goal. [10 marks]
- (b) Explain five importance of filing documents in an organization. [10 marks]
6. a) Explain **five** contributions of an efficient transport to the economic development of a country (10mks)
- b) With an aid of a diagram, explain how a firm in perfect competition attains its equilibrium output and price in the short run (10mks)

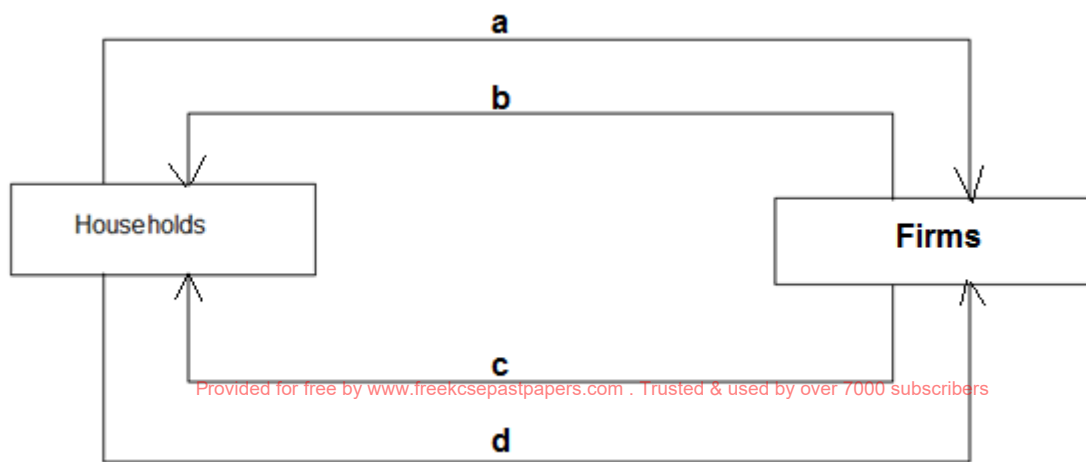
UASIN GISHU A.C.K. MOCK
565/1
BUSINESS STUDIES
PAPER 1

ATTEMPT ALL THE QUESTIONS ON THE SPACES PROVIDED

1. List four levels of inflation. [4mks]
 2. Name two occupations that relate to each of the production activities given below:

a	Extraction	[i]	
		[ii]	
b	Construction	[i]	
		[ii]	
c	Direct services	[i]	
		[ii]	

3. The following diagram represents the circular flow of income in a two sector closed economy.



State the factors represented by the arrows labelled in the diagram: a,b,c and d

[4mks]

4. High four reasons for which business should observe ethical practices. [4mks]
 5. Highlight four types of information that a manager may communicate to the juniors. (4mks)
 6. Highlight four reasons why a firm may decide to remain small. (4mks)
 7. Outline four benefits that a farmer may get by transporting her produce by road. (4mks)
 8. Highlight four circumstances under which a co-operative society may be dissolved. (4mks)
 9. State four sources of public finance. (4mks)
 10. Outline four features of insurable interest. (4mks)
 11. State four factors to consider before buying office equipments. (4mks)
 12. Outline four basic features of a market. (4mks)
 13. State four factors that may cause a shift in supply curve as shown below. (4mks)
 14. Match the situations in the table below with the appropriate type of unemployment.

Description	Type of unemployment
(i) Arises out of alternating economic activities from boom to recession.	
(ii) Where the workers capabilities are not fully utilized	
(iii) Where is technological changes	
(iv) Where people choose not to work due to the prevailing wage rates.	

15. The following balances were extracted from the books of Wekesa Traders on 31st December 2009

Items	KSh
Capital	500000
Cash in hand	20000
Buildings	200000
Furniture	250000
Motor vehicle	400000
Creditors	18000
Debtors	36000
Bank	100000
Bank loan	263000

Using the above information, prepare Wekesa Trader's Trial Balance on 31st December 2009. (5mks)

16. The following information relates to Kahawa Traders for the year ended 31st December 2010.

Details	shs
Fixed assets	1840000
Current assets	400000
6 years bank loan	600000
Current liabilities	150000

Determine owners' capital using the information given below. (4mks)

17. Highlight four benefits of a bonded warehouse to the government. (4mks)
18. State four circumstances under which the capital of a business may change. (4mks)
19. State four documents that may be required by the registrar of companies in order to register a public limited company. (4mks)
20. Outline four measures that a country may put in place to reduce the level of inflation in a country. (4mks)
21. Outline four functions of an office. (4mks)
22. On 1st Jan 2017, Kiminini stores had shs 15000 cash and 40000 in bank. The following transactions took place during the month.
 - Jan 2: Cash sales shs 4000
 - 13: Paid a creditor shs 8000
 - 26: Received a cheque of shs 16550 from a debtor.
 - 27: Paid salaries shs 9000 by cheque
 - 31: Banked all the remaining casg.

Required:

Record the above transactions in a two column cashbook. (5mks)

23. The following information relates to Nzoia Traders for the year ended 31/12/2018. (4mks)

Turnover(sales)	160000
Margin	20%
Rent income	68000
Carriage outwards	54000

Determine

- a) Mark up
- b) Net profit of the year.

24. The balances below were extracted from the books of Matunda stores for the year ended 31/12/2017. (4mks)

Capital	300000
2yr loan	230000
Creditors	95200
Fixed assets	480000
Current assets	145220

Determine:

- a) Working capital
- b) Capital employed (4mks)

25. Outline four types of utilities. (4mks)

UASIN GISHU
565/2
BUSINESS STUDIES
PAPER 2

1. a) Explain 5 ways in which commercial banks facilitate payment on behalf of their customers. (10 mks)
- b) Explain 5 strategies the government may use to increase the volume of export (10mks)
2. a) Explain 4 benefits of a long chain of distribution (8 mks)
- b) The following trial balance was extracted from the books of Mamboleo ltd on 30th june 2016.

	Dr.	Cr.
Stock (1/7/2015)	44,000	
Sales		200,000
Purchases	150,000	
Carriage outwards	27,000	
Creditors		36,000
Fixed Assets	180,000	
Bank overdraft		31,000
Salaries	48,000	
Returns	20,000	41,400
Cash in hand	80,000	
General expenses	50,000	
Capital		246,600
	555,000	555,000

Stock on 30th June 2016 was sh. 33,000.

- Prepare:
- (i) Trading, profit and loss account for the year ended 30th june 2016 (9mks).
 - (ii) Calculate (a) Margin (1mk)
 - (b) Rate of stock turn over (1mk)
 - (c) Return on capital (1mk)
3. (a) Outline 5 factors that may limit the development of less developed countries (10mks)
 - (b) Unemployment is a problem in any economy of the world; explain five measures that the Kenyan government may take to solve this problem (10mks)
- Provided for free by www.freekchangepapers.com . Trusted & used by over 7000 subscribers
4. a) Mr. Rotich started a business in September 2018.the following transactions took place during the month:
 - Deposited sh 90,000 in the bank from own savings.
 - Borrowed sh. 190,000 from Equity and deposited the same in business bank account.
 - Bought business premises, worth sh. 150,000 by cheque.
 - Withdrew sh. 30,000 from bank for business use.
 - Bought stock costing sh. 20,000 on credit.
 - Sold stock costing sh.10,000 for sh. 15,000 and received sh. 12,000 in cash.
 - Converted furniture worth sh.400,000 from his home for business use.
 - Paid his sons school fees sh 6,000 in cash from the business.
 - Paid creditors sh. 6,000 by cheque.

Required; Prepare Rotich’s balance sheet on 30th September 2018. (12mks)

- b) Explain 4 losses under marine insurance (8mks)
5. a) Explain 5 measures that could be taken to control cost push inflation (10mks)
 - b) Explain five reasons why less developed economies are reluctant in fully implementing free trade agreements (10mks)
6. a) The table below shows the population trend of a certain country over a period of 4 years.

Year	Population
2013	56,900,000
2014	56,200,000
2015	55,100,000
2016	54,400,000

Assuming that the country had an optimum population at the end of 2013, explain five possible effects of the population trend on the country’s economy (10mks)

- b) Kiplagat and Fatuma took life assurance covers at Madison insurance, Kitale branch. The two however were to pay different premiums for the same policy. Explain 5 factors that may account for this disparity. (10mks)