

CEKENA I

BUSINESS STUDIES PAPER 1

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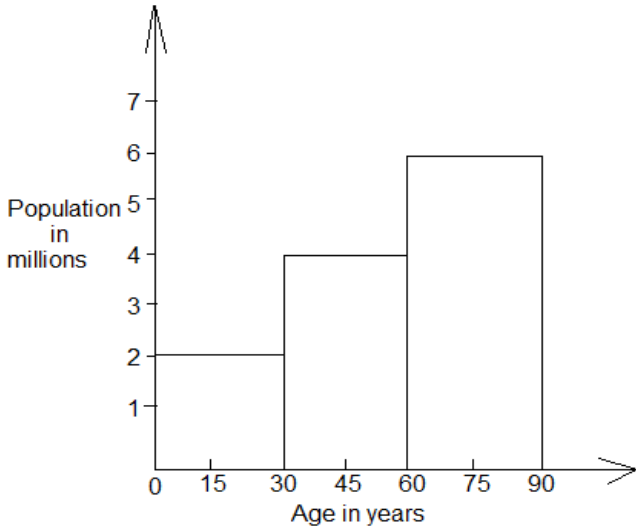
1. List down any four types of business activities (4mks)
2. Identify four features of retailer's warehouses. (4mks)
3. Highlight four barriers associated with written communication. (4mks)
4. Outline four reasons why a company is given the status of artificial person. (4mks)
5. Highlight four reasons for dishonouring a properly drawn cheque. (4mks)
6. Highlight four functions of advertising agencies. (4mks)
7. State the level of production that each of the following activities belong. (4mks)
 - i) Harvesting sand _____
 - ii) Marking exams _____
 - iii) Welding work _____
 - iv) Oil retailing _____
8. Highlight four ways in which an entrepreneur can positively influence the internal environment of his/her business. (4mks)
9. State four reasons why shelter is a basic human want (4mks)
10. Give four benefits of a well laid out business structure. (4mks)
11. Outline four government activities aimed at attracting foreign investment. (4mks)
12. Highlight four methods of propulsion that may be used in transport. (4mks)
13. For each of the following transactions, state the account to be debited and the account to be created.

Transaction	Account debited	Account credited
Cash deposit in business bank A/C	_____	_____
Owner withdrew cash for personal use	_____	_____
Purchase of goods on credit	_____	_____
Purchase of furniture by cheque	_____	_____
14. List four items that are considered when measuring the national income using the expenditure approach. (4mks)
15. Give four activities that are carried out at the end of an accounting period. (4mks)
16. Outline four benefits of sharing office machines. (4mks)
17. Give four importance of the journal. (4mks)
18. The following information was extracted from the books of Sunrise Enterprises on 30th June 2012

Item	Shs.
Purchases	200,000
Opening stock	44,000
Closing stock	52,000
Mark-up	20%

- Prepare the trading account of Sunrise Enterprises for the year ended 30th June 2012 (4mks)
19. The diagram below shows population pyramid for a certain country.

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Give four challenges facing the country

(4mks)

20. The following balances were extracted from the books of Kitu Traders on 30th Nov. 1995

Machinery	250,000
Debtors	2,000
Creditors	46,000
Stock	12,680
Cash in hand	1,500
Cash at bank	15,000

Prepare a balance sheet

(4mks)

21. Outline four costs incurred by intermediaries in the distribution chain.

(4mks)

22. Indicate the ledger in which each of the following accounts are recorded.

(4mks)

<u>Name of account</u>	<u>ledger</u>
i) Sales returns	_____
ii) Drawings	_____
iii) Cash	_____
iv) Trade debtors	_____

23. Give four benefits of operating a small scale business over a large scale business.

(4mks)

24. Give four reasons that make insurance companies decline to insure acts of nature.

(4mks)

25. Using a well labeled diagram, illustrate how a decrease in supply occurs due to change in price.

(4mks.)

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BUSINESS STUDIES 2

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1. a) The performance of a business mostly depends on various prevailing environment. Explain five external factors that would influence the business in a negative way (10mks)
- b) Using a well labeled diagram, explain the effect of a shift in demand to the right with constant supply. (10mks)
2. a) Oligopoly markets is one of the market structure in product market. Explain five features of oligopoly (10mks)
- b) Explain five indicators of a high population growth. (10mks)
3. a) The following transactions related to the business of Burguret Traders for the month of May 2019
 - May 1 Bought a business van worth Kshs. 250,000 on credit from CMC Motors
 - May 2 Sold goods and credit worth Kshs. 3000 on credit to Chuma Traders
 - May 3 Sold 100 boxes of chalk at Kshs. 200 each on credit to Njau
 - May 4 Bought goods on credit worth Kshs. 7000 from Karatina Traders
 - May 5 Chuma traders returned goods worth Kshs. 300
 - May 6 Sold 20 bags of cement at shs. 500 each on credit to Muthoni traders.
 - May 8 Returned goods worth shs. 600 to Karatina traders

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- May 12 Sold an old machine to Njau traders worth shs. 20,000 on credit
- May 15 Muthoni traders returned goods worth shs. 450
- May 20 Bought 700 packets of soap at shs. 50 each on credit from Maina traders
- May 21 bought goods worth shs 8000 on credit from Chaka traders
- May 25 Returned 50 packets of soap to Maina traders

Required

- i) Sales Journal (3mks)
 - ii) Purchases Journal (3mks)
 - iii) General Journal (3mks)
- b) Discuss five circumstances under which a wholesaler becomes essential in the chain of distribution. (10mks)
4. a) Mkulima traders had the following balances as at 31st March 2007.

	<u>Kshs</u>
Capital	20000
Sales	140000
Purchases	90000
Closing stock (13.03.2007)	70000
7 year bank loan	30000
Insurance expenses	25000
General expenses	12000
Debtors	25000
Creditors	75000
Cash at bank	20000
Cash in hand	10000
Premises	95000

Additional information
Opening stock (01.04.2007) was 160000

Calculate

- i) Mark-up
 - ii) Margin
 - iii) Rate of stock turnover
 - iv) Return on Capital
 - v) Current ratio
- b) Explain four problems encountered in using National Income statistics in comparing the standard of living in different countries. (8mks)
5. a) On 1st December, Silas had Kshs. 55000 in hand and 250000 at bank. During the month, the following transactions took place.
- Dec 2 Cash sale banked shs. 32560
 - Dec. 3 Bought stationery in cash shs. 4500
 - Dec. 8 Paid Odongo a creditor shs. 9400 by cheque in full settlement of his account after deducting 6% cash discount
 - Dec. 12 Received a cheque for shs 5880 from Wafula after allowing him cash discount of shs. 1200
 - Dec. 15 Paid salaries shs. 3400 in cash
 - Dec. 25 Withdrew shs. 50000 from bank for office use
 - Dec. 25 Anyango, a debtor paid her account of shs. 75000 by cheque less 10% cash discount
 - Dec 30 Deposited all cash in the bank except shs 13700
- Required: Prepare Silas' three column cash book (10mks)
- b) Nakumatt Ltd. Has closed all their stores in the country. Explain five challenges that may have led to this scenario.
6. a) Explain five ways in which commercial banks facilitates payment on behalf of their customers.
- b) Explain the factors that can hinder effective communication. (10mks)

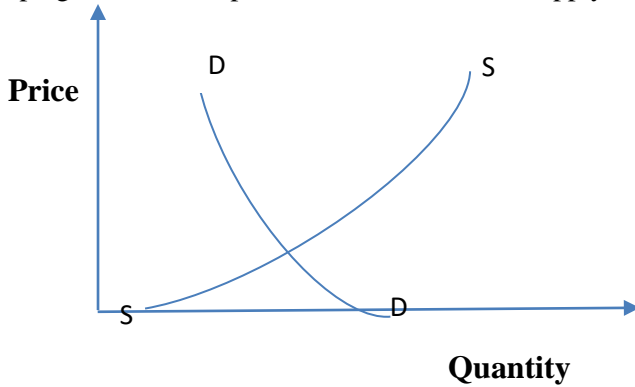
CATHOLIC DIOCESE OF KAKAMEGA

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BUSINESS STUDIES

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1. Mention **four** reasons why people engage in business. (4mks)
2. Highlight **four** benefits of a bonded warehouse to the government. (4mks)
3. The graph given below represents the demand and supply curves of maize.



- Mention **four** factors that may cause the demand curve to shift to the left. (4mks)
4. State **four** circumstances under which cash may be used as a means of payment. (4mks)
5. Identify the type of advertising described by each of the following. (4mks)

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

6. Outline **four** characteristics of direct production. (4mks)
7. Highlight **four** roles of consumer organization in consumer protection. (4mks)
8. Outline **four** consequences of a poor filing system in an organization. (4mks)

9. The table below relates to four different business insert the correct values of A, B, C, and D. (4mks)

Firm	Assets	Capital	Liabilities
1	2,310,642	A	486932
2	B	40385	96483
3	941682	31685	C
4	3104611	D	395348

10. XYZ company ltd enjoys the benefits of monopoly status. Give four problems a consumer of XYZ company products is likely to encounter. (4mks)
11. State **four** clauses found in the memorandum of association. (4mks)

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12. The following balances were extracted from Mwangaza trader's books of accounts.

	Kshs.
Opening stock	25,000
Closing stock	35,000
Purchases	190,000
Mark up	20%
Calculate	

- i) Cost of goods sold (1mk)
- ii) Gross profit. (1mk)
- iii) Sales (1mk)
- iv) Rate of stock turnover. (2mks)

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

14. Outline **four** benefits of air transport over sea transport. (4mks)

15. Outline **four** ways of reducing the level of unemployment in Kenya. (4mks)

16. List **three** levels of inflation. (3mks)

17. Highlight **four** benefits of a business plan to an entrepreneur. (4mks)

18. State **four** circumstances under which partnership may be dissolved. (4mks)

19. State the accounts to be debited or credited in the following transactions. (4mks)

- i) Started business with sh. 50,000 in cash.
- ii) Sold goods worth sh 30,000 receiving by a cheque.
- iii) A debtor Ben returned goods to the business worth sh 5.000.
- iv) Withdraw sh. 20,000 from bank for business use.

Transaction	Debited	Credited
I		
II		
III		
IV		

20. Highlight **four** sources of finance to the government. (4mks)

21. In the table below classify the accounts as personal, nominal, real or private. (4mks)

Account	Account Type
(a) Machinery	
(b) Kamau (creditor)	
(c) Electricity bill	
(d) Rent income	

22. The following information relates to Patricia traders

Stock (1/1/2018)	30,000
Stock (31/12/2018)	15,000
Purchases	150,000
Mark up	20%

Prepare the trading account for the period ended 31/12/2018. (4mks)

BUSINESS STUDIES PAPER 1 & 2

23. The following balance sheet was incorrectly prepared.

Barakoa traders
Balance sheet
As at 31/12/2018

Dr			Cr
Stock	10,000	Premises	50,000
Loan	20,000	Debtor	5,000
Cash	4,000	Creditors	5,000
Furniture	7,000		
Capital	51,000		
	<u>92,000</u>		<u>60,000</u>

Prepare a corrected balance sheet.

(4mks)

24. Give **four** benefits of operating a small scale retail business over a large scale retail business.

(4mks)

25. Identify **four** ways of generating a business idea.

(4mks)

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1. (a) Explain five circumstances under which a manufacturer would sell his goods directly to a consumer. (10mks)
- (b) Explain five reasons that may make an insurance company refuse to compensate the insured in the event that a risk occurs. (10mks)
2. (a) The following transactions relates to Patu traders in Kakamega in the year 2018.
- July 1st : Started a business with kshs. 150,000 in cash.
July 2nd: Opened a bank account and deposited kshs. 30,000.
July 3rd: Bought buildings in cash ksh 60,000.
July 4th : Borrowed a loan in cash kshs. 20,000
July 5th: Bought stationary by cheque worth ksh. 6,000
July 6th: Repaid part of the loan by cheque kshs. 10,000.
- Required
- (i) Record the above transactions in their various ledgers accounts. (5mks)
- (ii) Prepare a trial balance. (5mks)
- (b) Explain five factors that may contribute to low level of National Income.
3. (a) On 1st March 2020, Yawa had cash in hand shs. 7,800 and a bank overdraft of 23,400. During the month of the following transaction took place.
- March 3: Cash sales sh. 6500 paid directly into the bank.
March 4: Bought goods for sh. 15,000 by cheque.
March 6: cash sales sh. 50,000
March 9: Received a cheque for sh. 18,000 from Amolo in full settlement of his account of sh. 20,000.
March 13: Paid insurance premiums sh. 16,000 in cash.
March 14: Paid Kimotho by cheque sh. 9,700 in full settlement of his debt of sh. 10,000.
March 17: Cash sales sh. 150,000 paid directly into the bank.
March 21: Withdrew shs. 30,000 from bank for office use.
March 23: Received a cheque of sh. 23,750 from Rotich after having deducted 5% cash discount.
March 25: Paid wages shs. 20,000 in cash.
March 26: The cheque received by Amolo was dishonoured.
March 30: Banked all cash except sh. 3,000.
- Prepare a three column cashbook.* (10mks)
- (b) Explain five challenges that may be experienced by a country whose population is made up of a large proportion of young people. (10mks)
4. (a) Explain five measures that the government may take to improve the volume of exports. (10mks)
- (b) Explain five benefits that a savings and credit co-operative society (SACCO) provides to its members. (10mks)

5. (a) The following information relates to Baraka traders.

Baraka Traders		
Trial Balance		
As at 31/12/2018		
Details	Dr(sh)	Cr(sh)
Capital		100,000
Motor Vehicle	100,000	
Machinery	16,000	
Stock 1/1/2018	12,000	
Debtors	33,500	
Cash	18,000	
Bank	12,800	
Creditors		45,000
Sales		200,000
Purchases	120,000	
Carriage inwards	2,000	
Returns	1200	1000
Carriage outwards	4000	
Discounts	3000	5000
Salaries	2000	
Rent income		<u>500</u>
Insurance	10000	
Telephone	9000	
Electricity	<u>8,000</u>	
	<u>351,500</u>	<u>351,500</u>

Additional information

Closing stock was valued at sh.8000

Required

- (i) Prepare the trading profit and loss account. (8mks)
- (ii) The balance sheet. (4mks)
- (b) Explain four factors that may influence the choice of distribution for milk. (8mks)
6. (a) Explain five circumstances under which personal selling may be appropriate as a method of product promotion. (10mks)
- (b) Explain five factors that may hinder entrepreneurial activities in a country. (10mks)

LANJET CLUSTER JOINT EVALUATION

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BUSINESS STUDIES

PAPER 1

DECEMBER, 2020

- Amina complains to her friend that these days she is finding it increasingly hard to satisfy her needs. Give four reasons why she may be facing such a situation.
- A resource is something that is used by a business to achieve an objective. Identify **four** resources available in a business. (4mks)
- State **four** factors that an entrepreneur would consider before investing in a business opportunity
- The quantity demanded and supplied of a certain commodity can be expressed as $Q_d=50+20p$ and $Q_s= 20+16p$ respectively.

Find

- Equilibrium price (2marks)
- Equilibrium quantity (2 marks)

5. The table below shows the growth rate of Gross Domestic product (GDP) of a certain Country for two years

Year	G.D.P
2003	4.0%
2005	6.5%

Highlight **four** circumstances under which the standards of living of the citizens of the country referred to above may not necessarily have been higher in 2005 than 2003. (4mks)

6. Outline **four** sources of monopoly power. (4 marks)
7. State any four money transfer facilities offered by commercial banks (4mrks)
8. State four benefits of warehousing to consumers (4mrk)
9. Indicate the source document and the book of original entry in which each of the following transaction should be recorded (4 mrks)

No.	transaction	source	Book of original entry
a	Purchase of goods on credit		
b	Payment of cash to a creditor		
c	Sale of goods on credit		
d	Sale of fixed asset on credit		

10. The cost of consumer goods and services for a representative basket of an average family is given below.

Year	2012	2013
Prices	Kshs. 1200	Kshs .1600

Determine the increase in consumer price index using 2012 as the base year

11. Write down four differences between ordinary shares and preferential shares (4mrks)

BUSINESS STUDIES PAPER 1 & 2

12. Mango Traders had the following ledger account balances as at 31st December 2019.

	Ksh.
Sales	100,000
Purchases	170,000
Returns inwards	10,000
Returns outwards	20,000
Salaries	30,000
Capital	40,000
Bank loan	50,000

Prepare the business trial balance as at 31 December 2019.

{4marks}

13. Outline four positive implications of a youthful population to an economy.

{4 marks}

14. Outline four barriers to verbal communication

{4 marks}

15. Highlight four positive impacts of physical environment on operations of a business

16. Sherry traders had the following assets and liabilities as at 1st January 2004

	shs
Furniture	350,000
Debtors	45,000
Cash	7,000
Creditors	48,000

For the year ended 31stDecember 2004,

i) Additional capital was shs 24,000

ii) Drawings were shs 20,000

iii) Net profit was shs34,000

Determine capital at 31st December, 2004

17. Give four basic characteristic features of a business idea

(4 mrks)

18. State four reasons why a producer may involve wholesaler in distributing products

(4 mrks)

19. State four factors that determine the premiums charged by insurance companies for life policies

(4 mks)

20. State four methods used in trade restrictions.

(4 mrks)

21. Highlight four ways in which emergence of COVID- 19 infections negatively affected business operations in Kenya

(4 mrks)

22. Write the account to debit and credit in the following transactions

(4 mrks)

transaction

a/c to debit

a/c to credit

a Returned damaged goods to supplier

b Received rent by cheque

c Took cash for personal use

d Customer returned ordered goods

23. Highlight four characteristics of labour as a factor of production

(4 mrks)

24. Mention four adverse effects of inflation

(4 mrks)

25. The following information relates to Kamautraders for the month of December 2019

Dec 1: sold goods for shs. 45,000 less 10% cash discount

Dec 5: bought goods worth shs 40,000 in cash and was allowed a discount of 5%

Dec 7: a debtor paid shs 20,000 in settlement of a debt of shs. 23,000by cheque

Dec 15: sold goods shs. 20,000 on credit to Jambo traders

Dec 26: paid rent shs. 16,000 by cheque

Post the above transactions in relevant journals

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LANJET CLUSTER JOINT EVALUATION
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BUSINESS STUDIES
PAPER 2
DECEMBER, 2020

Answer any Five Questions

1. a) Discuss any five economic importance of the recently discovered oil to the Kenya Economy. (10marks)
- b) Describe five monetary tools used by the government to control inflation. (10marks)
2. a) Explain **four** reasons why Boda Boda transport has become a popular means of transport in Kenya. (8 marks)
- b) The following trial balance relates to HM Traders Ltd as at 31st December 2011.

HM Traders Ltd Trial Balance As 31 st December 2011		
Particulars	Dr	Cr
	shs	shs
Capital		283,200
Drawings	8000	
Cash at Bank	30,000	
Machinery	360,000	
Debtors	42,700	
Creditors		20 000
Stock (1.1.2011)	40000	
Sales		570 000
Purchases	325 000	
Return inwards	10000	
Return onwards		15000
Carriage inwards	4000	
Carriage outwards	5000	
Rent	18000	
Salaries and wages	40000	
Discounts Received		9000
General expenses	14,500	
	<u>897 200</u>	<u>897 200</u>

Stock as at 31/12/2011 was valued at shs. 35,000

Required:

- i) Prepare a trading, profit and loss account for the year ended 31st December, 2011 (8 marks)
- ii) Draw a balance sheet as at 31st December, 2011. (4 marks)
3. (a) Explain five consideration for proper use of County Funds (10 marks)
- (b) The following table represents the supply of potatoes for 3 months.

Year 2010	Price Per Kg	Quantity Supplied (Kgs)
January	100	100,000
February	100	90,000
March	100	80,000

BUSINESS STUDIES PAPER 1 & 2

Explain five reasons to account for the change in quantity supplied of potatoes in the market. (10 marks)

- 4 a) Mr Yego, a tea farmer in Kericho, wants to join Kiptigis farmers' co-operative society. Explain five benefits that would accrue to him as a result of being a member of the society (10marks)
- b) On 1st September 2006, Mau Enterprises had the following balance.

Cash shs. 55,000

Bank shs. 250,000 (CR)

During the month, the following transaction took place

September 2nd: Cash Sales Banked shs. 535,260

3rd: Bought Ribbons in cash shs. 4,500

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

12th: Received a cheque for shs. 58,800 from Wetu after allowing her cash discount of shs. 1,200

15th: Paid salaries shs. 34,000 in cash

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

28th: Anyango a debtor, paid her account of shs. 75,000 by cheque less 10% cash discount.

30th: Deposits all the cash into Bank except shs. 13,700

Required: Prepare a **three** column cash Book as at 30th September 2006 (10marks)

- 5) a) Explain **five** measures that Kenya can take to solve the problem of unemployment. (10 marks)
- b) Kenya is looking forward to the realization of vision 2030, explain five obstacles that may hinder the successful implementation of the development plan. (10marks)
- 6 (a) Draw five differences between perfect competition and monopolistic competition (10marks)
- (b) Explain five negative implications of production activities on the environment (10marks)

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1. Define the following terms as used in satisfaction of human wants (4mks)
 - a) Scarcity
 - b) Scale of preference
 - c) Choice
 - d) Opportunity cost
2. Currently, many businesses are conducting trade online. Give **four** advantages of this trend (4mks)
3. Highlight **four** reasons why consumer cooperative societies are not popular in Kenya (4mks)
4. State **four** circumstances under which a manufacturer would transport products using a container (4mks)
5. Highlight **four** functions of advertising agencies in creating product awareness (4mks)
6. State **four** assumptions in the circular flow of National Income in a two sector economy (4mks)
7. Outline **five** steps that are followed when opening a ledger account (5mks)
8. Kenya anticipates attaining certain development milestones by the year 2030. State **four** development goals the country desires to achieve (4mks)
9. Highlight **four** principles that every county government must adhere to before incurring any expenditure (4mks)
10. Outline **four** ways of classifying goods in an economy. (4mks)
11. A group of form four leavers plan to start a company. Highlight **four** documents that they will be required to submit to the registrar of companies. (4mks)
12. Apart from the price mechanism, identify **three** other ways in which the prices of goods and services can be determined in an economy. (3mks)
13. Highlight **four** ways through which communication can be improved in an organization (4mks)
14. The following are descriptions of types of unemployment. Identify the unemployment and the particular solution. (4mks)

	Description of unemployment	Type	Solution
(a)	Where there are many employees doing work meant for few people		
(b)	Where there is a mismatch between the sufficient skilled labour looking for jobs and the vacancies available		
	Where labour is needed only at certain times of the year		
(d)	Where people have physical or mental disabilities and cannot get jobs.		

15. Outline **four** advantages of using a credit card when purchasing goods and services. (4mks)
16. The following information relates to Chumah during the month of March 2017.
 - March 7th: Sold an old vehicle for sh.900,000 to Super Motors Ltd on credit.
 - March 9th: Sold an old Computer for sh. 27,000 to Yannar Ltd on credit.
 - March 10th: Purchased a Tractor on credit for sh.600,000 from Sifa Farms Ltd.
 - March 16th: Purchased Dining chairs from Ujumbe Furnitures sh. 90,000 on credit.
 Open a journal proper for Chumah Ltd for the month of March 2017. (4mks)

BUSINESS STUDIES PAPER 1 & 2

17. The following information relates to Mkabwa traders Ltd as at 31/12/2015.

	Ksh.
Capital	290,000
Drawings	35,000
6 year loan	500,000
Furniture	600,000
Closing stock	40,000
Cash in hand	155,000
Debtors	100,000
Bank overdraft	140,000

Expected

Prepare Mkabwa Traders Ltd Balance sheet as at 31/12/2015

(4mks)

18. Highlight **four** factors that may negatively influence entrepreneurship practices in Kenya. (4mks)
19. State **four** features of a chain store. (4mks)
20. Highlight **four** importance of warehousing to a consumer. (4mks)
21. Highlight **four** circumstances under which a producer would prefer to sell goods through a wholesaler. (4mks)
22. Show the effects (increase, decrease or no effect) of the following transactions on Capital, Assets, Liabilities and the Balance sheet totals. (4mks)

Transaction	Capital	Assets	Liabilities	Balance sheet totals
Started Business with ksh. 10,000 in cash.				
Purchased goods worth ksh. 4,500 on credit.				
Took goods worth ksh 2,000 for personal use.				
Sold goods worth ksh. 2000 for ksh 3,000 on cash				

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23. Highlight **four** ways in which the Central Bank acts as a Banker to the government. (4mks)
24. Use a tick to identify where the following items are recorded in the table below. (4mks)

Item	Current Account	Capital Account
Grants from foreign donors		
Visible imports		
Receipts from tourism		
Dividends paid to foreign investors.		

25. Highlight **four** ways in which the government creates an enabling business environment. (4mks)

MOKASA 1 EXAMINATION

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BUSINESS STUDIES

1. (a) Explain **five** ways in which the internal Business environment may positively influence Business activities. (10 marks)
(b) Explain **five** types of direct taxes. (10 marks)
2. (a) Explain **five** ways in which Entrepreneurs can maintain a healthy Business environment. (10mks)
(b) On 1st June 2019, Kipchoge Enterprises had cash in hand Sh. 87,000 and cash at bank Sh. 250,000. During the month, the following transactions took place
- | | |
|--------|--|
| June 2 | Cash sales Sh. 50,000 |
| 3 | Paid salaries Sh. 101,500 by cheque |
| 6 | Received a cheque for Sh 76,800 from Jelimo after allowing her a cash discount of 4% |
| 10 | Bought Office machine by cheque Sh. 85,000 |
| 14 | Settled Kiplagat's account of sh. 40,000 in cash, having deducted sh. 1,200 cash discount. |
| 18 | Received a cheque of Sh. 150,000 in respect to cash sales |
| 20 | Bought stock on credit Sh. 75,000 from Rongo Wholesalers |
| 21 | Paid for wages in cash Sh 25,000 |
| 23 | Took money from bank Sh. 35,000 for office use |
| 25 | Withdrew money from bank Sh. 5,000 and used it to pay child's hospital bill |
| 28 | Received cash sh. 17,100 from Julius after he deducted a cash discount of 5%. |
| 30 | Deposited all the money into bank except Sh. 25,000 |

Prepare a Three-column cash- book, duly balanced (10 marks)

3. (a) Explain **five** negative effects of inflation in an economy (10 marks)
(b) A team of sales persons have just arrived at Milele Secondary School to promote the text books of a given publisher. Explain **five** steps that they will follow when conducting product promotion. (10mks)
4. (a) Explain **five** challenges that Kenya as an economy may be experiencing during the implementation of her development plans (10 marks)
(b) Differentiate between oligopoly market structure and monopoly. (10 marks)
5. (a) Explain **five** money transfer services that are offered by commercial banks in the Kenyan economy. (10 marks)
(b) Explain **five** new trends and emerging issues in the insurance sector in Kenya today. (10 marks)
6. (a) Explain **four** disadvantages of protectionism to a country. (8 marks)

BUSINESS STUDIES PAPER 1 & 2

(b) The following trial balance was extracted from the books of Rafiki Traders for the year ended 31/12/2019

		Rafiki Traders Trial Balance As at 31 st Dec. 2019	
	Dr (shs)		Cr (shs)
Capital			270,000
Drawings	30,000		
Opening stock	50,000		
Purchases	255,000		
Sales			400,000
Returns	4,000		7,000
Carriage inwards	28,000		
Carriage outwards	8,000		
Discount	12,000		5,000
Insurance	25,000		
Commission	3,000		
Rent			18,000
Furniture	50,000		
Land	155,000		
Premises	110,000		
Debtors	40,000		
Creditors			s 70,000
	<u>770,000</u>		<u>770,000</u>

Closing stock was valued at sh. 58,000

Required,

- i) Prepare a Trading and Profit and Loss account for the year ended 31st Dec.2019 (10mks)
- ii) Calculate the following ratios.
 - a. Mark up (1mk)
 - b. Rate of stock turnover (1mk)

KCNM JOINT EXAMINATION

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BUSINESS STUDIES

Paper 1

DECEMBER 2020

- 1. Give four reasons why most firms are preferring open office layout. (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)

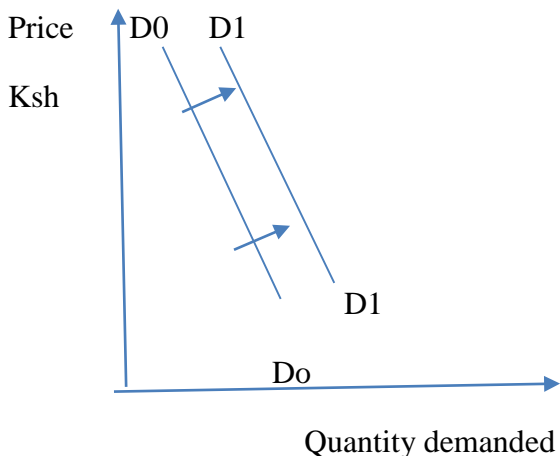
BUSINESS	ASSETS	CAPITAL	LIABILITIES
A	620,000	230,000	W
B	420,000	X	500,000
C	Y	500,000	300,000

- 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 | |
5. Identify any four roles of intermediaries in the chain of distribution. (4mks)
6. Highlight four disadvantages of news papers as a means of advertising (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 Cheronno is the human resource manager to the LAN limited company. Advise her on four ways that can help improve the performance of the entire work force. (4mks)
11. On 1st January 2005, Kimutai started a mitumba business with capital of Ksh120,000. During the year he took Kshs12,000 for his personal use. He also brought into the business private computer worth Ksh 20,000. At the end of the period he had made a profit worth Ksh35,000. Determine Kimutai's capital at the end of the period. (4mks)
12. Outline **four** principles of co-operatives. (4mks)
13. Outline four reasons why food is considered basic want. (4mks)

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14. The diagram below shows a demand curve D_0D_0 and D_1D_1



Highlight four factors that account for the above phenomena.

(4mks)

15. Name the rewards for the following factors of production

(4mks)

Factor of production

Reward

a) Employee

b) Machine

c) Minerals

d) Farmer

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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

17. Define the following terms as used in International Trade.

(3 mks)

a) Terms of trade

BUSINESS STUDIES PAPER 1 & 2

- b) Balance of trade.
c) Balance of payment.
18. Outline **four** risks against which a shopkeeper may insure. (4 mks)
19. Outline **four** sources of monopoly power. (4mks)
20. State **four** ways of determining prices for commodities in the market. (4 mks)
21. Outline four challenges that a young population poses to a country. (4mks)
22. The following information relates to Jua Kali traders as at 1st December 2018.

	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 2018.

Dec. 5th bought goods by cheque shs. 5,000

Dec 8th Received 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 31/12/2018

(5mks)

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. State **four** benefits that would accrue to a customer who borrows a loan from a non-bank financial institution. (4mks)

25. 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)

BUSINESS STUDIES PAPER 1 & 2
KCNM JOINT EVALUATION EXAM 2020
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BUSINESS STUDIES
PAPER 2
DECEMBER 2020

1. a) Explain **five** roles of Entrepreneurship to the economy of Kenya. (10 marks)
- b) Explain any **five** factors to consider when choosing an appropriate means of communication. (10 marks)

2. a) Discuss **Four** functions of money (8 marks)
- a) The following trial balance was extracted from the books of Gitau mobile phones business for the year ended 31st October 2019.

**Gitau's mobile phones
 Trial Balance
 As at 31st October 2019**

Details	Dr.(shs)	Cr. (shs)
Sales		855,000
Purchase	420,000	
Sales returns	12,000	
Purchase returns		20,000
Creditors		165,000
Debtors	63,000	
Motor vehicle	480,000	
Cash in hand	65,000	
Furniture	190,000	
Carriage inwards	14,000	
Stock	280,000	
Capital		626,250
Drawing	88,000	
Telephone	6,400	
Insurance	8,200	
Postage	3,850	
Rent	19,600	
Discounts received		4,000
Advertising	12,900	
Discount allowed	7,300	
	<u>1,670,250</u>	<u>1,670,250</u>

On 31st Oct. 2019 , the business had closing stock valued at Shs. 60,000.

Required

- i) The trading profit and loss A/C for the year ended 31st October 2019. (8 marks)
- ii) Prepare Balance sheet as at 31st October 2019. (4 marks)

BUSINESS STUDIES PAPER 1 & 2

3. (a) The table below shows the demand and supply schedules for sweet potatoes in Eldoret town in a week.

Price(sh per tin)	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

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

- (b) Highlight **five** characteristics of an efficient tax system. (10 marks)
4. (a) Unemployment is one of the major economic problems facing the Kenyan economy. Describe any **five** measures that the Kenyan government may undertake to solve unemployment. (10 marks)
- (b) Explain **five** circumstances that may make a bank to reject a cheque. (10 marks)
5. (a) Differentiate between a co-operative society and a public limited company. (10 marks)
- (b) Explain **five** principles that govern the operations of insurance industry. (10 marks)
6. (a) Traders are required to observe ethical practices when carrying out product promotion. Explain **five** reasons for observing such ethical practices (10 marks)
- (b) On 1st November 2019 , Soila traders had cash in hand sh 4,250 and cash at bank sh 140,500. During the month the following transactions took place. (10 marks)

Nov 2nd : Cash sales directly banked sh.38,700.

Nov 3rd : Received a cheque for sh 14,000 from Mutai in full settlement for a debt of ks 5,000.

Nov 8th : Bought goods for sh 25,300 by cheque.

Nov 12th : Cash sales sh 42,450.

Nov 14th : Paid Wambua by cheque sh 23,750 in full settlement on his account less 5% discount.

Nov 15th : Paid wages sh 34,000 in cash.

Nov 16th : Bought stationary in cash sh 950.

Nov 24th : Paid salaries by cheque sh 45,800.

Nov 28th : Paid electricity in cash sh 2,500.

Nov 29th : Bought goods worth sh 3500 on credit

Nov 30th : All cash was banked except sh 4,000

Required : Prepare Soila's three column cashbook for the month of November 2019.

BUSINESS STUDIES PAPER 1 & 2
SUKEMO JOINT EXAMINATION TEST 2020
565/1

Business Studies

Paper 1

1. Highlight four negative effects of production activities on the environment and community health. (4 marks)
2. Outline four reasons why there is a lot of government support on the activities of entrepreneurs in Kenya today. (4 marks)
3. State four reasons why human beings satisfy their basic wants before the secondary wants. (4 marks)
4. State the names of the equipments that fit the description given below: (4 marks)

Description	Equipment
a) Cutting unwanted documents into small pieces to prevent them from landing into unauthorized hands	
b) For preparing cash receipts	
c) For printing postage impressions on envelopes	
d) Used to transmit printed messages such as letters, maps, diagrams, etc	

5. Outline four ways in which a firm can improve the productivity of human resources (4 marks)
6. State four advantages of processing zones (EPZ) to a country. (4 marks)
7. List four essential elements of a transport system. (4 marks)
8. Sukemo Enterprises intends to promote its products to increase sales volume. Highlight any four circumstances under which the business would choose to use personal selling (4 marks)
9. Using a diagram show the effect on equilibrium price and quantity when supply increases and demand falls. (4 marks)
10. Outline four roles played by the stock exchange market in the economy. (4 marks)
11. Explain the meaning of the following terms as used in insurance. (4 marks)
 - i) Cover Note _____
 - ii) Surrender value _____
 - iii) Pure risk _____
 - iv) Sum insured/assured _____
12. Outline four causes of breakdown in communication. (4 marks)
13. Highlight four factors that may limit the effectiveness of bank rate in controlling credit. (4 marks)
14. For each of the following transactions, state the account to be debited and the account to be credited. (4 marks)

Transaction	Account Debited	Account Credited
i) Owner took cash for personal use		
ii) Bought goods and paid by cheque		
iii) Owner brought in cash from private sources		
iv) Paid Ouma (a creditor) by cheque		

15. Outline four advantages of privatization. (4 marks)
16. Outline four positive implications of a youthful population to an economy. (4 marks)
17. Outline four ways in which consumers are likely to suffer in a situation where there is no warehousing. (4 marks)

BUSINESS STUDIES PAPER 1 & 2

18. Fill the blanks in the table below: (4 marks)

Name of document	Purpose of documents	Issued by
a) Letter of inquiry		Buyer
b) Local purchase order		Buyer
c) Invoice	To demand for payment	_____
d) _____	To correct an undercharge	Seller

19. Give any four reasons why small scale firms continue to exist in an economy dominated by large scale firms. (4 marks)

20. Outline four characteristics of an Oligopolistic market structure. (4 marks)

21. Menja Traders had the following ledger account balances as at 31st December 2014

	Kshs.
Sales	100,000
Purchases	170,000
Returns Inwards	10,000
Returns Outwards	20,000
Salaries	30,000
Capital	40,000
Bank loan	50,000

Prepare the business trial balance as at 31st December 2014 (4 marks)

22. Outline four ways that the World Bank may use to assist developing countries to improve their economies. (4 marks)

23. The cash book below was incorrectly prepared

Dr.				Cash Book				Cr.
Date	Particulars	Cash	Bank	Date	Particulars	Cash	Bank	
1990				1990				
May 1	Bal b/d	800	1880	May 2	Sales	1640		
"	Purchases		1520	" 5	Electricity		620	
3	Wages	500		" 9	Mbori (creditor)	250		
"	Muhia (Debtor)		400	" 12	Rent received		830	
4	Bal c/d	590		" 12	Bal c/d		2350	
"								
7								
" 12								
		<u>1890</u>	<u>3800</u>	" 13	Bal b/d	<u>1890</u>	<u>3800</u>	
						<u>590</u>		

Identify transactions that were wrongly entered in the cash book (4 marks)

24. The average consumer price for a loaf of bread in various year is shown in the figure below:

<u>Year</u>	<u>Consumer Price</u>	<u>Consumer Price Index</u>
2009	30	100
2010	36	
2011	42	
2012	47	
2013	52	

Calculate the consumer price index for 2010-2013 using 2009 as the base year. (4 marks)

BUSINESS STUDIES PAPER 1 & 2

25. Mumo Enterprises had a working capital of Ksh 300,000 and a current ratio of 4:3 as at 30th June 2016. Calculate the firm's
- i) Current assets (2 marks)
 - ii) Current liabilities (2 marks)

SUKEMO JOINT EXAMINATION TEST 2020

565/2

BUSINESS STUDIES

PAPER 2

1. a) Explain **five** factors that may have contributed to the slow pace in the achievement of most African trade agreements. (10marks)
- b) Explain **five** personal attributes of an office worker. (10marks)
2. a) The Kenyan Community has great disparity in income distribution. Explain **five** causes of this disparity. (10marks)
- b) Despite their poor performance, the government is still interested in operating public corporations in the country. Explain **five** reasons why this is so. (10marks)
3. a) Make the necessary journal entries using the transactions given below. (10marks)

2016

June 3rd: Bought a weighing machine on credit worth Ksh 60,000 from Makenji wholesalers.

4th: Converted a personal car worth Ksh 500,000 into business asset.

7th: Sold an old tractor on credit to Onyango worth Ksh 75,000.

20th: Correction of an error having sold a typewriter on credit to Kagumo but wrongly debited to Kigumo account Ksh 10,000.

25th: Sold a book shelf valued at Ksh 80,000 for Ksh 76,000 to Heshima on credit.

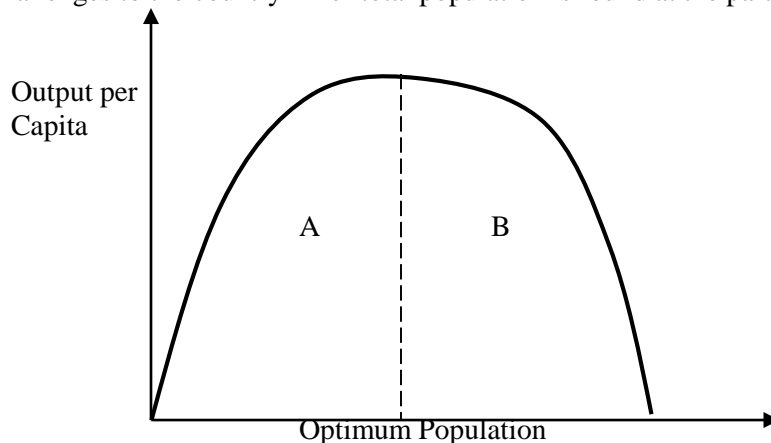
28th: Sold a table worth Ksh 3,000 to Tommy on credit for Ksh 3,500.

- b) The following table shows the percentage contribution in each of the three levels of production in generating income to a country.

Level of production	Primary	Secondary	Tertiary
% Income Contribution	60	30	10

Explain **five** factors that may have led to a higher proportion of income contributed by the primary level.

4. a) Explain **five** trends in road transport in Kenya. (10marks)
- b) Explain **five** measures that a country may take to ensure proper development planning. (10marks)
5. a) The diagram below represents the population output per capita of a certain country. Explain **five** challenges to the country if her total population is found at the part marked **A**.



- b) IVY-JUNE partnership was converted into IVY-JUNE Ltd Company. Explain **five** benefits that may accrue as a result of this conversion. (10marks)
- 6. a) Explain **five** circumstances that would influence a producer to use wholesalers in distributing farm produce. (10marks)
- b) The following trial balance was extracted from the books of Barca investments as at 31 .12 .2014

	DR.	CR.
Sales/purchases	420,000	980,000
Discounts	40,000	36,000
Returns	25,000	32,000
Building	800,000	
Cash	90,000	
Bank	320,000	
Salaries	140,000	
Debtors/Creditors	256,000	168,000
Loan		340,000
Insurance	86,000	
Rent		40,000

Additional Information

- (i) Stock at end of period was shs. 54,000
- (ii) Salaries accrued end of year was shs. 26,000
- (iii) Prepaid insurance by Dec. 31.2006 was shs. 10,000

Required

- (i) Trading, Profit and Loss account
- (ii) Balance sheet

**KIGUMO
565/1
BUSINESS STUDIES
PAPER 1
END OF TERM 1 2020**

- 1. State **four** internal factors that may influence the business operations negatively. (4 Marks)
- 2. Outline **four** differences between goods and services. (4 Marks)
- 3. Highlight **four** advantages of specialisation. (4 Marks)
- 4. Outline **four** reasons for which businessmen observe ethical practices. (4 Marks)
- 5. Highlight **four** duties that may be carried out by an accountant in an office. (4 Marks)
- 6. Identify whether the following transactions will **increase, decrease** or have **no effect** on the capital of a business. (4 Marks)

Transaction	Effect
(a) Borrowed a bank loan
(b) Converted a private vehicle into a business property
(c) Owner takes goods from business for private use
(d) Realised profit during the year

- 7. Name the type of warehouses associated with each of the statements given below. (4 Marks)
- | Statement | Type of warehouse |
|-----------|-------------------|
|-----------|-------------------|

BUSINESS STUDIES PAPER 1 & 2

- a Specialised goods are stored
- b Where goods for which no custom duty is charged are stored
- c Individual construct to store their goods
- d Custom duty must be paid before goods are released

8. Fill in the missing figures in the table below.

(4 Marks)

	Fixed Asset (sh)	Current Asset(sh)	Capital (Sh)	Liabilities (sh)
a	600,000	450,000	800,000	W.....
b	X.....	50,000	150,000	200,000
c	400,000	Y	380,000	240,000
d	520,000	160,000	Z.....	200,000

9. Highlight **four** functions of Kenya bureau of standards (KEBS). (4 Marks)

10. Identify the types of partners described in the statement given below. (4 Marks)

- (a) His name is used in the business though does not contribute any capital
- (b) Her assets can be sold to recover a business debt.
- (c) Play an active role in management of the firms
- (d) Below eighteen years of age

11. Give the meaning of the following terms as used in insurance. (4 Marks)

- (a) Surrender value
- (b) Cover note

12. Outline **four** circumstances under which a manufacturer may decide to sell directly to the consumers. (4 Marks)

13. Highlight **four** problems associated with delocalisation of industries. (4 Marks)

14. Outline **four** negative effects of an ageing population to an economy. (4 Marks)

15. State the account to be debited or credited in each of the following transactions. (4 Marks)

Transaction	Debit	Credit
a Purchased stock in cash		
b Withdrew cash from the business bank for personal use		
c Bought furniture on credit		
d Paid outstanding rent by cash		

16. The following information was extracted from Katana Traders for the year ended 31st December 2019.

Rate of stock turnover	3 times
Margin	20%
Expenses	10%

BUSINESS STUDIES PAPER 1 & 2

Opening stock 150,000

Closing stock 90,000

Calculate

(a) Cost of goods sold (2 Marks)

(b) Purchases (2 Marks)

17. Outline **four** uses of a general journal. (4 Marks)

18. Sugar supply in Kenya has been on decline in the last five years. Outline **four** factors that would have lead to this trend. (4 Marks)

19. Highlight **four** features of tramps as a means of sea transport. (4 Marks)

20. The following balances were extracted from the books of Solai Traders as at 31st may 2016.

	Sh
Capital	900,000
Long term liabilities	300,000
Current assets	280,000
Current liabilities	80,000
Fixed assets	1,000,000

Determine

(a) Borrowed capital (1 Mark)

(b) Working capital (1 Mark)

(c) Capital employed (2 Marks)

21. Outline **four** limitations of barter trade system. (4 Marks)

22. State **four** functions of advertising agencies. (4 Marks)

23. Highlight **four** assumptions of a perfect competition market structure. (4 Marks)

24. Kuti manufacturers had the following transactions for the month of July 2017

July 1 Balance brought down sh 11,000 in cash and a bank overdraft sh 20,000.

July 4 Owner introduced sh 40,000 and deposited it in the business bank.

July 31 deposited all cash into the business bank.

Required

Prepare a duly balanced **two column cashbook**. (4 Marks)

25. State **four** factors to consider when choosing an appropriate means of communication. (4 Marks)

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1. (a) Explain **five** measures put in place by the government to bring order in road transport sector in Kenya today. **(10 marks)**
- (b) Explain **five** reasons why per capita income is not a good indicator of standards of living. **(10 marks)**
2. (a) On 1st November 2017: Tabagon Co. Ltd. had a balance of shs. 12,000 at the bank and shs. 2500 in hand. During the month, the following transaction took place;
- Nov. 1 Cash sales Shs. 2500, cash purchases Shs. 1750
- Nov. 3 Paid the following accounts by cheque.
Kirop Shs. 1500 less 5% cash discount
Kirui Shs. 2000 less 5% cash discount
Nasimiyu shs. 2100 less 3 % cash discount
- Nov. 5 Received the following amounts from debtors,
Ondiek shs. 1200, Jane shs. 3850 and Mueni by cheque shs. 2050 after allowing her shs. 300 cash discount.
- Nov. 14 Paid office cash to the bank shs. 2000
- Nov. 17 Cash sales 8500
- Nov. 22 Mueni paid her account of shs. 5000 by cheque less 10% cash discount
- Nov. 28 Withdrew all the money from the bank for office use except shs. 1000
- Nov. 29 Paid salary cash shs. 8000
- Nov. 30 A cheque received from Mueni on Nov. 5th was dishonoured.
- Prepare Tabagon Co. Ltd. three column cash book. **(10 marks)**
- (b) Explain **five** differences between shares and debentures. **(10 marks)**
3. (a) Explain the meaning of the following terms as used in business ownership. **(10 marks)**
- i) Franchising
ii) Merger
iii) Holding company
iv) Front Office Savings Account (FOSA)
v) Globalization
- (b) Explain **five** features of a hypermarket. **(10 marks)**
4. (a) Explain **five** emerging issues in office today. **(10 marks)**
- (b) Explain **five** negative implications of high population growth rate. **(10 marks)**
5. (a) Explain **five** ways in which communication enhances trading activities. **(10 marks)**
- (b) Highlight **five** factors that facilitate entrepreneurial development in an economy. **(10 marks)**

BUSINESS STUDIES PAPER 1 & 2

6. (a) The following trial balance was extracted from the ledgers of Gathioro's mobile phones business for the year ended 31st Oct 2016.

**Gathioro's mobile phones
Trial Balance
As at 31st Oct 2016.**

Details	Dr. (Shs)	Cr. (Shs)
Sales		855,000
Purchase	420000	
Sales returns	12000	
Purchase returns		20000
Creditors		165000
Debtors	63000	
Motor vehicle	480000	
Cash in hand	65000	
Furniture	190000	
Carriage inwards	14000	
Stock	280000	
Capital		626250
Drawing	88000	
Telephone	6400	
Insurance	8200	
Postage	3850	
Rent	19600	
Discounts received		4000
Advertising	12900	
Discount allowed	7300	
	1670250	1670250

On 31st Oct. 2016, the business had closing stock valued at Shs. 60,000

Required

- i) The trading, profit and loss a/c for the year ended 31st Oct 2013. **(8 marks)**
 - ii) A balance sheet as at that date. **(4 marks)**
- (b) Explain **four** features of good money. **(8 marks)**

BUSINESS STUDIES PAPER 1 & 2
MECS II CLUSTER JOINT EXAMINATION
FORM FOUR END OF TERM TWO 2020
565/1
BUSINESS PAPER 1
DECEMBER 2020

- 1.** Identify **four** characteristics of economic resources (4 marks)
2. Highlight **four** negative impacts of COVID19 in business in Kenya. (4 marks)
3. In the spaces provided below, **indicate** the level of production that relates to each of the following activities: (4 marks)

	ACTIVITY	LEVEL OF PRODUCTION
A	Selling goods in the market	
B	Fishing from a river	
C	Constructing a Road	
D	Making shoes	

- 4.** State **four** advantages of business plan to a business. (4marks)
5. State **four** factors that can positively affect the demand of a commodity in the market. (4 marks)
6. State the source documents for the following journals (4 marks)
- | Journal | source documents |
|-----------------------|------------------|
| Sales journal | |
| Purchases journal | |
| Cash receipts journal | |
| Sales Returns journal | |
- 7.** Public offices are now adopting open-plan office design. Outline **four** advantages of such open office layout. (4marks)
8. The following information relates to Njoki Enterprises for the period ended 30th June 2011

Turnover	Shs.270 000
Margin	40%
Rate of stock turnover	6 times
Expenses	Shs.40000

Calculate

- i) Gross profit. (1 mark)
 ii) Cost of sales. (1 mark)
 iii) Net profit. (1 mark)
 iii) Average stock (1 mark)
9. Outline **four** circumstance under which a trader will use e-mail to send messages (4marks)
10. State the terms given to each of the following statements as used in insurance. (4 marks)
- (a) Temporary certificate _____
 (b) Periodic payment by policy holders _____
 (c) Acquiring rights of the remains of destroyed property by the insurer. _____
 (d) Life insurance lasting for a specific period. _____
- 11.** State **four** implications of young population on society. (4 marks)
12. Compute the missing figures and fill in the blanks spaces (4 marks)

	Capital	Assets	Liabilities
A	80 000	_____	60 000
B	164 000	398 000	_____
C	_____	406 000	162 000
D	30 000	100 000	_____

- 13.** State **four** reasons for licensing business by the government. (4 marks)
14. Highlight **four** reasons why firms with popular products find it necessary to continuously advertise the same popular product. (4 marks)
15. Highlight **four** differences between monopoly and monopolistic market structures. (4 marks)

16. The following are some of the documents used in International trade; **Proforma Invoice, Consular Invoice, Certificate of origin** and **Indent**. Match each document with the appropriate description in the table below. (4 marks)

	Description	Document
(a)	Prepared by an exporter giving details about the origin of goods	
(b)	Shows prices charged as certified by the importing country's officials	
(c)	An order sent by an importer to an agent in the exporting country	
(d)	Enables the importer to initiate clearing of customs duty early enough to avoid delays.	

17. Give **four** factors that cause cost-push inflation in an economy. (4 marks)

18. The Smart Business Ltd had the following information for the year ended 31st December 2012.

	Shs.
Bicycle	3,000
Debtors	2,000
Premises	50,000
5 year Bank loan	20,000
Creditors	5,000
Furniture	7,000
Stock	10,000
Cash at hand	4,000

Prepare a balance sheet as at 31st December 2012. (4 marks)

19. Mention **four** circumstances under which a partnership business may dissolve. (4 marks)

20. List **four** documents prepared by the buyer in home trade (4 marks)

21. Name **three** withdrawals in the circular flow of income (3 marks)

22. From the following transactions prepare a duly balanced two column cash book. (5 Marks)

2020

- May 1st Balances brought down cash sh. 15,000 and bank sh. 10,000 (cr)
- 3rd Deposited sh. 8,000 cash into the bank
- 10th Withdrew sh. 15, 000 from bank for paying school fees.
- 15th Paid wages sh. 1,000 in cash

Date	Details	Folio	Cash sh	Bank sh	Date	Details	Folio	Cash sh	Bank sh

23. Outline **four** disadvantages of indirect taxes. (4 marks)

24. Describe **four** channels of distribution of imported goods. (4 marks)

25. The National Transport Safety Authority (NTSA) is a department within the transport sector in Kenya. Highlight **four** benefits Kenyans enjoy due to the establishment of NTSA (4 marks)

BUSINESS STUDIES PAPER 1 & 2
MECS II CLUSTER JOINT EXAMINATION
565/2
BUSINESS STUDIES
PAPER 2

1. a) Explain **Five** factors that management of a business should consider before buying an office machine. (10Marks)
 - b) Outline **five** differences between a public corporation and a private limited company. (10 Marks)
 2. a) Explain Five reasons why a country may experience balance of payments disequilibrium. (10Marks)
 - b) The following information was obtained from the books of Powermax Stores for the month of June 2015. Post the information to the relevant ledger accounts and balance them off. (10Marks)
- June 1 : Balance in Cash shs. 60,000 , Bank shs 220,000 , Debtors shs 95,000 and Creditors shs 80,000
- June 5 : Received a cheque of shs. 75,000 from debtors.
- June 10 : Drew a cheque of shs 59,000 in respect of creditors.
- June 15 : Obtained a loan from KCB shs 130,000 ,money was deposited directly to the account.
- June 24 : Bought land for shs 217,000 ,paying shs 200,000 by cheque and the rest In cash.
- June 28 : Paid creditors in cash shs 1,000.
- June 30 : Deposited all cash into the bank except shs 4,000.
3. a) State and explain **Five** guidelines that governs a good tax system. (10Marks)
 - b) The type of advertising largely depends on the objectives to be achieved. Explain **Five** types of advertising. (10Marks)
 4. a) Highlight **Five** ways in which the Kenyan government may increase the amount of money in circulation. (10Marks)
 - b) Discuss **Five** factors that determine the amount of premiums charged in a life Assurance cover. (10 Marks)
 5. a) Explain **Five** factors that hinders entrepreneurial practices in Kenya today. (10Marks)
 - b) With a well labeled diagram, explain the effect of an increase in demand on the equilibrium price and quantity. (10 marks)
 6. a) Outline **Four** reasons why mobile phones (cell phones) have become a popular means of communication. (8 marks)
 - b) The following Trial balance was extracted from the books of Mwakio Traders on 31st Dec 2005.

Mwakio Traders
Trial Balance
As at 31st December 2005

Name of Account	Dr (Shs)	Cr (Shs)
Purchases and Sales	70,000	95,000
Carriage outwards	4,000	
Stock (1/1/2005)	12,500	
Fixed Assets	82,000	
Debtors and Creditors	10,500	8,500
Salaries	16,800	
Bank overdraft		10,300
Returns	1,500	12,400
Cash in hand	2,500	
General expenses	5,200	
Capital	<u>205,000</u>	<u>88,800</u> <u>205,000</u>

Additional information:

Closing stock was valued at shs 6,500.

Prepare : i) Trading, profit and loss Account for the year ending 31st Dec 2005.

ii) Balance sheet.

(8Marks)

(4Marks)

LAINNAKU 1 FORM IV JOINT EVALUATION 2020

565/1

BUSINESS STUDIES

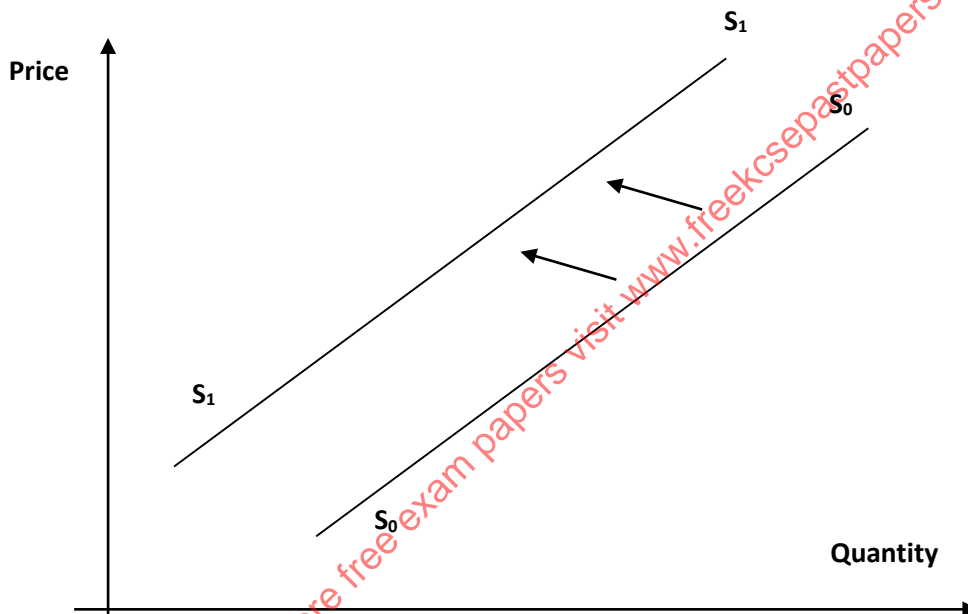
PAPER 1

TIME: 2 HOURS

1. State four external factors that may positively influence the operation of a business
2. Highlight four importance of insurance to a business
- 3.

(4 mks)

(4 mks)



The above diagram shows a shift in a supply curve from S₀S₀ to S₁S₁. Outline four factors that have caused this shift

(4 mks)

4. Outline four differences between a good and a service
5. Highlight four benefits that may be realized when two firms merge
6. Outline four characteristics of direct production
7. State four functions of an office
8. Outline four functions of a proforma invoice
9. State four reasons why a trader will construct his own warehouse instead of hiring
10. Highlight five reasons why small firms have continued to exist in Kenya
11. Indicate the source document for each of the book of original entry below

(4 mks)

(4 mks)

(4 mks)

(4 mks)

(4 mks)

(4 mks)

(4 mks)

(4 mks)

	Books of original entry	Source document
(i)	Sales Return journal	
(ii)	Cash book	
(iii)	Purchases journal	

(iv)	Purchases return journal	
------	--------------------------	--

12. Below is a cash book of Majimbo Enterprises as at 31st Dec 2010.

Date	Details	Cash	Bank	Date	Details	Cash	Bank
2015				Jan 10	Wages	1,200	
Jan 1	Bal b/d	3,000	150,000	25	Cash		18,000
2	Sales	12,500		28	Creditors		4,200
15	Debtor		25,000	28	Bal c/d	32,300	142,800
25	Bank	18,000					
		<u>33,500</u>	<u>175,000</u>			<u>33,500</u>	<u>175,000</u>

Identify the transactions that took place on the following dates

(4 mks)

- i) On 2nd Jan –
- ii) On 25th Jan –
- iii) On 10th Jan –
- iv) On 28th Jan –

13. Outline four sources of public finance in any country

(4 mks)

14. State four reasons for the increased use of cell phones in banking industry

(4 mks)

15. The following balances were extracted from the books of Wetu Enterprises on 31st Dec 2016.

Furniture	50,000
Debtors	7,000
Capital	66,000
Stock	5,000
Bank overdraft	5,000
Cash in hand	9,000

Required:

Prepare a Wetu's balance sheet as at 31st Dec. 2016

16. Outline four features of liners in sea transport

(4 mks)

17. List down four public utilities provided by the government

(4 mks)

18. State four circumstances under which downward communication is appropriate in an organization

(4 mks)

19. Outline four benefits of a business plan to an entrepreneur

(4 mks)

20. The following balances were extracted from the books of Upendo Traders on 31st Dec. 2018

Opening stock	55,000
Closing stock	60,000
Carriage inwards	5,000
Sales	400,000
Purchases	340,000
Return inwards	48,000
Return outwards	6,000

Required:

Prepare the trading account for Upendo Traders for the year ended 31st Dec. 2018

21. Outline four possible effects of a decline in population to an economy

(4 mks)

22. Below are some transactions that took place in Momanyi's Enterprise. In each indicate the account to be debited and the account to be credited

	Transactions	Account Debited	Account credited
(i)	Started a business by depositing cash into the business bank account		
(ii)	Purchased goods on credit		
(iii)	Sold goods on credit		
(iv)	Bought a new office equipment by cheque		

23. State the effects of the following independent transactions on owner's capital (4 mks)
- | Transaction | Effects |
|--|---------|
| (i) Additional investment by the owner of Ksh. 90,000 | |
| (ii) Purchasing stock on credit | |
| (iii) Selling goods for Ksh. 135,000 on which a profit of Ksh. 35,000 was made | |
| (iv) The owner took 32,000 to pay his son's school fees | |
24. Highlight four advantages of advertising to a customer (4 mks)
25. List down four uses of national income statistics (4 mks)

LAINNAKU 1 FORM IV JOINT EVALUATION 2020

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2 HOURS 30 MINUTES

1. (a) A producer wants to choose a channel of distribution for her products. Explain any five factors that she should consider before making her decisions. (10 marks)
- (b) Explain five factors that a business may consider when choosing an office layout. (10 marks)
2. (a) The following information related to Ndimu Hardware for the month of June 2014.

Date	Transaction
7/06:	Credit sales to Wafula sh. 70,000 and Njoroge sh. 60,000 invoice no 103 and 104 respectively
10/06:	Credit purchase from Kipran sh. 30,000 and Sossy sh. 20,000 invoice no 031 and 207 respectively
12/06:	Goods returned to Kipran sh. 2,000 and Sossy sh. 5,000 credit note no 65 and 008 respectively
13/06:	Goods returned by Wafula sh. 3,500 and Njoroge sh. 1,000 credit note number 021 and 022 respectively
25/06:	Wafula and Njoroge settled their accounts by cheque after deducting 5% cash discounts in each case. receipt no. 044 and 045 respectively
28/06:	Settled Kipran and Sossy's account in cash after deducting 5% cash discount in each case. Receipt no. 014 and 209 respectively

Required: record the transactions in books of original entry (12 marks)

- (b). Newspapers have become a commonly used medium of advertising. Explain four advantages of advertising a product in the daily newspaper to a producer. (8marks)
3. (a). Explain five modern trends in business communication in Kenya. (10 marks)
- (b). With the aid of a diagram, explain the effects of an increase in the supply of a product while its demand remains constant (10 marks)
4. (a) Explain five ways through which an entrepreneur can improve the internal environment of his or her business
- (b) Explain five ways in which commercial banks facilitate payments on behalf of their clients. (10 marks)
5. (a) Two students of Bidii Secondary School are arguing over whether rain water is an economic resource or not. Explain to them five characteristics of economic resources and assist them come to an agreement. (10 marks)
- (b) Explain five malpractices that necessitate consumer protection by the government. (10 marks)
6. (a) The following information was extracted from the books of Soko Huru wholesalers for the trading period ended 30th June 2019

	Sh
Stock on 1.07.2018	40,000
Purchases	35,000
Sales	70,000

BUSINESS STUDIES PAPER 1 & 2

Return inwards	1,500
Return outwards	2,000
Discount allowed	2,100
Insurance	3,400
Discount received	11,000
Wages and salaries	9,400
Stock 30. 06.2019	15,000

Required: Prepare a trading profit and loss account for the year ended 30th June 2019 (12marks)

- b) Explain four reasons why the government of Kenya is encouraging the location of industries in all parts of the country (8 mks)

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1. Give four circumstances under which a seller would use proforma invoice (4mks)
2. State the term given to each of the following disciplines. (4mks)
 - (a) Study of how man strives to satisfy his unlimited wants using the limited resources
 - (b) Study of the process of identifying a business opportunity and acquiring resources to start and operate a business.
 - (c) Study of trade and aids to trade
 - (d) Refers to a systematic way of recording business activities which are used for decision making.
3. Using book keeping equation fill in the blank spaces in the table below (4mks)

Assets (shs)	Capital (shs)	Liabilities (shs)
490,250		62,080
	322,600	27,400
500,000	105,020	

4. Give four circumstances under which a manufacturer would use informative advertising. (4mks)
5. In the spaces provided, write decrease, increase or No effect to show the effects of each one of the following transactions on the assets, liabilities or capital. (4mks)

Transaction	Assets	Liabilities	Capital
a) Bought furniture on credit			
b) Paid creditors by cash			
c) Withdrew goods for personal use			
d) Converted a personal motorcycle for business use			

6. Highlight four disadvantages of using mobile phones (4mks)
7. List four sources of monopoly power for a firm in a market. (4mks)
8. Highlight four factors that may influence the level of national income of accounty (4mks)
9. The table below shows the changes in population size in a certain county between year 2010 and 2013

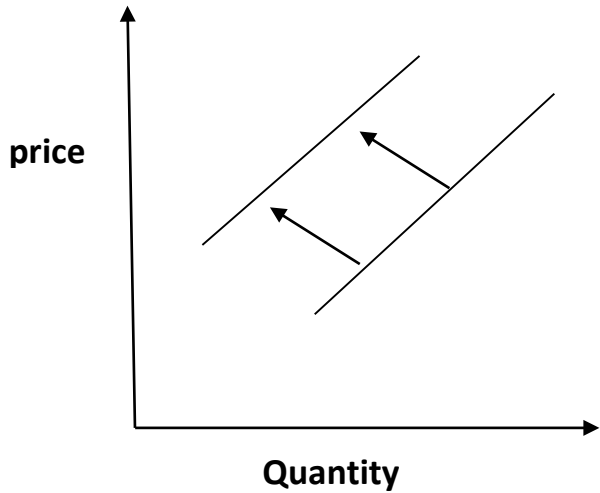
Year	Total population (million)
2010	50
2011	37
2012	35
2013	34

- State four factors that may have contributed towards the population trend (4mks)
10. Outline four factors that the government should consider when deciding on a good tax system (4mks)
11. Prepare relevant ledgers from the following transactions relating to Eldo Traders (4mks)
 - i) 3rd Feb 2013: bought a computer from Moi Avenue traders worth Shs.40,000 and paid by cheque.
 - ii) 4th Feb: sold stock worth Shs. 20,000 on Credit to Jeptoo Traders
Jeptoo traders returned goods worth Shs.5,000 to Eldo Traders
 - iii) Eldo traders received a cheque of Shs. 15,000 from Jeptoo Traders.
12. Outline 4 reasons why an increase in per capital income may not necessary lead to a rise in standard of living of the citizens (4mks)
13. Highlight four methods used to delocalize firms in an economy (4mks)
14. Awinoe sells her goods at mark up of 2/5. For the year ended 31st Dec 2012, her trading activities were as follows.

Opening stock	Shs 50,000
Purchasing	Shs 30,000
Closing stock	Shs 20,000

BUSINESS STUDIES PAPER 1 & 2

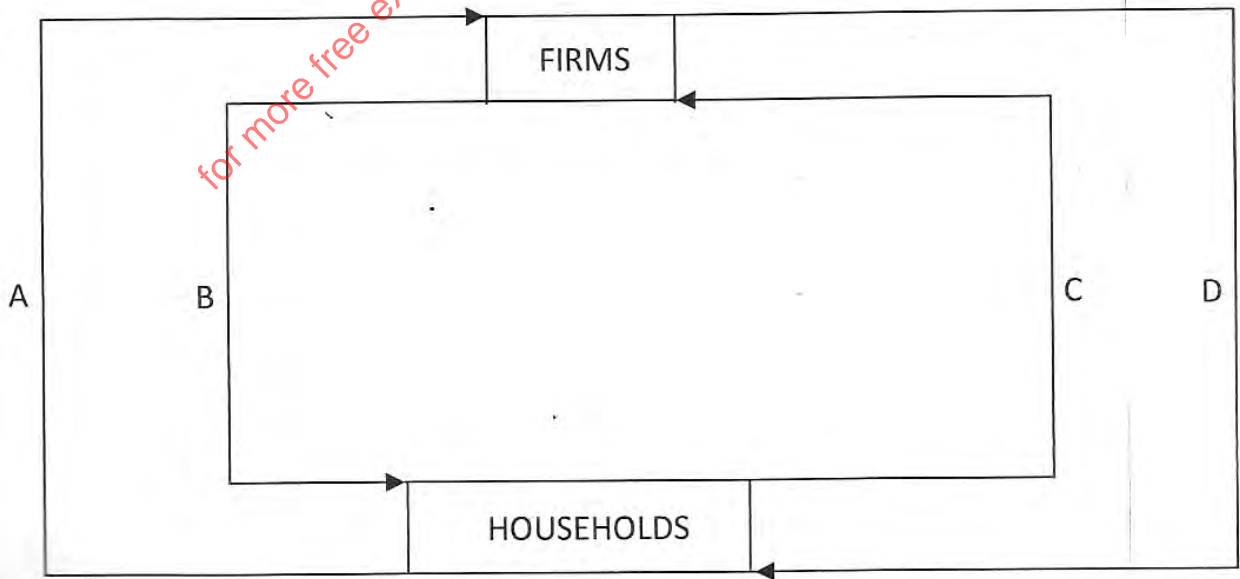
- a) Margin percentage (2mks)
- b) Rate of Stock turnover (2mks)
- 15. Give four aims for Government participating in business activities
- 16. Outline four factors that could lead to a shift in supply curve as shown below (4mks)



17. Complete the table (4mks)

Source Document	Book of original entry
Received Receipt	
Credit note retained	
	Purchase Journal
	Sales Journal

- 18. Highlight four measures taken by producers to ensure consumers are protected when using their products. (4mks)
- 19. List four disadvantages of using containers to transport goods.
- 20. The diagram below shows the circular flow of income in a two sector economy.



- Name the parts marked A, B, C and D. (4mks)
- 21. State four uses of a trial balance to a business. (4mks)
- 22. State four principles of public expenditures. (4mks)
- 23. Highlight four reasons why economic planning is important to a country. 4mks

BUSINESS STUDIES PAPER 1 & 2

24. Outline negative effects of inflation to an economy. (4mks)
 25. Kobe insured his house against the risk of the fire. Six months later, the house was completely destroyed by fire. Outline the procedure that should be followed before he is compensated. (4 mks)

GARISSA CLUSTER
565/2
BUSINESS STUDIES
PAPER 2
NOV/ DEC 2020

- 1 (a) Explain five factors to be considered when evaluating a business opportunity. (10 mks)
 (b) Outline four differences between commercial banks and non-bank financial institutions.
 2 (a) Explain five limitations of adopting new technology (10mks)
 (b) Using a well labeled diagram, explain the effect of shift in demand curve to the right on the equilibrium price and quantity. (10mks)
 3 (a) Discuss four problems faced in an attempt to compare the national incomes of different countries. (8mks)
 (b) The following Trial Balance was extracted from the books of Kamau Trades as at 31st December 2010.

	Dr(sh)	Cr (sh)
Opening stock	30,000	
Purchases/sales	275,000	390,000
Debtors	47,000	
Commission received		36,000
Returns	10,000	6,000
Carriage	24,000	
Advertising	3,000	
Salaries	19,000	
Rates	12,000	
Premises	450,000	
Machinery	180,000	
Loan		210,000
Insurance	20,000	
Discounts	5,000	7,000
Drawings	25,000	
Cash in hand	40,000	
Cash at bank	250,000	
Creditors		52,000
Capital		<u>698,000</u>
	<u>1,390,000</u>	<u>1,390,000</u>

Additional information:

1. Closing stock sh 50,000
 2. Carriage outwards was $\frac{1}{3}$ of total carriage.
 Required:
 i) Prepare Kamau traders trading, profit and loss account for the period ended 31.12.2010 (6mks)
 ii) Balance sheet as at 31.12.2010. (4mks)
 4 (a) The Kenya pipeline corporation has constructed the pipeline from Mombasa to Eldoret. Explain five benefits that accrue to the country from this extension. (10mks)
 (b) Explain five causes of balance of payment deficit in developing countries. (10mks)
 5 (a) Explain principles of public expenditure. (10mks)
 (b) Londiani Traders commenced a business on 1st July 2013. The following is a summary of the transactions of the month.

BUSINESS STUDIES PAPER 1 & 2

Invoices received

- July 2: Wasw Ltd for sh. 280,000
- 16: Mutai Ltd for sh.620,000
- 27: Kaluki Ltd for sh.340,000
- 29: Mutai Ltd for sh. 200,000

Invoices issued

- July 7: Ramisi Traders for sh. 180,000
- 8: Kakamega Traders for sh. 80,000
- 11: Ramisi Traders for sh. 20,000

Credit Notes received.

- July 19: Mutai Ltd for sh. 60,000
- 29: Kakamega Traders for sh. 30,000
- 22: Kaluki Ltd for sh. 120,000

Credit Notes Issued

- July 11: Ramisi Traders for sh. 20,000
- 19: Kakamega Traders for sh. 30,000
- 22: Kakamega Traders for sh. 40,000

Required

Subsidiary books to record the above information.
Post the totals to the relevant ledger accounts

(10mks)

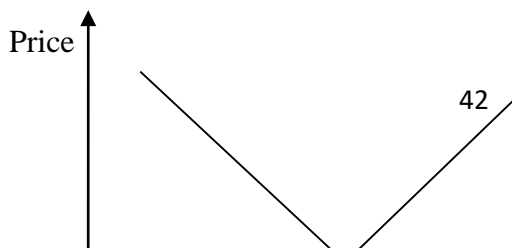
- 6 (a) Describe five steps taken in personal selling (10mks)
- (b) Explain five features of sole proprietorship form of business (10mks)

KISII DIOCESE SCHOOLS JOINT EVALUATION EXAM
565/1
BUSINESS STUDIES
PAPER 1
DEC. 2020

- 1. Name the reward that can be paid to the following resources if they were to be used in production. (4mks)

RESOURCE	REWARD
i) Cotton
ii) Motor vehicle
iii) Manager
iv) Owner

- 2. Outline **FOUR** procedures involved in personal selling process. (4mks)
- 3. Outline **FOUR** circumstances under which Cash With Order (C.W.O) may be used in home trade. (4mks)
- 4. State **FOUR** benefits that may be derived by a consumer who buys directly from a producer. (4mks)
- 5. Highlight **FOUR** ways in which the Central Bank of Kenya may use to reduce the amount of money in circulation. (4mks)
- 6. Outline **FOUR** factors that may limit the number of entrepreneurs in an area. (4mks)
- 7. State **FOUR** advantages of using E-mail in communication. (4mks)
- 8. The diagram below shows a demand and supply of commodity Y. Indicate the new equilibrium price and quantity if supply reduces and demand remains constant. (4mks)



Po

Qo Quantity

9. The following were balances from the books of Nyandoro traders for the year ended on 31.3.2019.

	Sh.
Overdraft (monthly)	19,165
Debtors	145,220
Creditors	95,200
Premises	480,000

Determine the Net worth of the business as at 31.3.2019. (4mks)

10. Highlight **FOUR** problems encountered when using output approach in measuring national income. (4mks)

11. State **FOUR** transactions that would be recorded in a country's balance of payment account. (4mks)

12. The following transactions relate to Kwamboka Traders for the month of May 2018.

May 2: Sold goods for sh. 25,000 cash.

May 10: Received sh. 19,600 cash from Ondieki, a debtor, after allowing him a 2% cash discount.

May 14: Deposited sh. 20,000 cash to bank.

May 25: Received a cheque of sh. 15,000 from Kerubo, a debtor less 4% cash discount.

Enter the above transactions in a cash receipt journal of Kwamboka traders. (5mks)

13. State **FOUR** duties that are being performed by a personal secretary in an office. (4mks)

14. Highlight **FOUR** essential features of a warehouse. (4mks)

15. The following is an extract of a cash book.

Dr					Cr				
Date	Details	Disc.	Cash	Bank	Date	Details	Disc.	Cash	Bank
2017					2017				
May	Bal. b/d		W	40,000	May	Purchases		30,000	
2	Orina	1000	6,900		1	Rent			12,000
	Alice	X		71,250		Salaries		9,600	
12	Sales		50,000		5	Bal. c/d		Y	99,250
		<u>3,400</u>		<u>111,250</u>				<u>81,100</u>	
20					19				
26					31				

Determine the figures represented by W, X, Y. (3mks)

16. State **FOUR** problems of a rapidly growing population of a country. (4mks)

17. Highlight **FOUR** complaints that consumer organizations may receive from its members. (4mks)

BUSINESS STUDIES PAPER 1 & 2

18. Outline **FOUR** legal-political factors that may affect the performance of a business operation. (4mks)

19. Outline **FOUR** circumstances under which an insured may not be compensated after suffering a loss.

(4mks)

20. State **FOUR** reasons why a firm may choose to remain small despite the benefits enjoyed by large scale firms. (4mks)

21. The following information relate to Tume traders for the period ended 31st July 2018.

Sales	sh. 640,000
Opening stock	sh. 27,000
Purchases	sh. 525,000
Profit Margin	20%

Prepare Tumes's tradings account.

(4mks)

22. Outline **FOUR** sources of capital for savings and credit cooperative society. (4mks)

23. State **FOUR** reasons why the government may decide to avoid direct taxation when raising revenue. (4mks)

24. For each of the following transactions, name the account to be credited. (4mks)

TRANSACTION

A/C CREDITED

- | | |
|---|-------|
| i) Returned goods to a supplier | |
| ii) Started a business with cash | |
| iii) Gave cash discount to the customer | |
| iv) Received a cheque from a debtor | |

25. Give **FOUR** reasons why a manufacturing firm would be located in an area well served with good road network. (4mks)

**KISII DIOCESE SCHOOLS
JOINT EVALUATION EXAM
565/2
BUSINESS STUDIES
PAPER 2
DEC. 2020**

Answer five questions only.

1. (a) Explain **five** ways in which external environment may positively influence the operations of a business enterprise. (10 marks)

(b) Highlight **five** differences between a partnership and a public limited company. (10 marks)

2. (a) Explain **four** ways in which insurance is important in the development of an economy. (8 marks)

(b) The following trial balance was extracted from the books of Ringo Stores on 31st December, 2019.

**Ringo Stores
Trial Balance as at 31st December, 2019**

	Dr	Cr
	<i>Kshs</i>	<i>Kshs</i>
Purchases/Sales	140,000	190,000
Carriage outwards	8,000	
Stock (1/1/2019)	25,000	
Fixed assets	164,000	
Creditors		17,000
Debtors	21,000	

BUSINESS STUDIES PAPER 1 & 2

Salaries	28,000	
Returns	3,000	4,800
Bank overdraft		15,000
Cash in hand	5,000	
General expenses	10,400	
Capital		<u>177,600</u>
	<u>404,400</u>	<u>404,400</u>

Additional information:

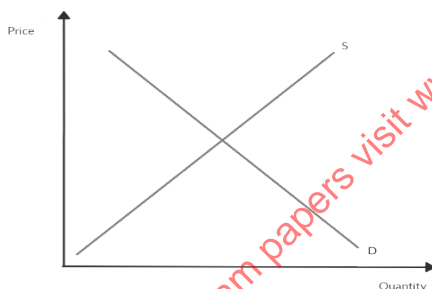
- Closing stock was valued at sh 13,000

Required:

- (i) Prepare a Trading, Profit and Loss Account for the year ended 31st December, 2019. (7½ marks)
- (ii) Balance sheet as at 31st December, 2019. (4½ marks)
3. (a) Discuss **five** circumstances under which a trader may choose to transport goods by rail. (10 marks)
- (b) Highlight **five** measures taken by the government to reduce the volume of imports. (10 marks)
4. (a) On 1st July 2017, Kirwa Retailers had shs 10,000 in cash and a bank overdraft of sh 120,000. The following transactions took place during the month **2017**.
- July 2 Cash sales shs 200,000 receiving shs 150,000 and the balance by cheque.
- July 4 Bought purchases shs 15,000.
- July 6 Rono settled his account of shs 300,000 by cheque having deducted 10% cash discount.
- July 8 Withdrew shs 40,000 from the bank for business use.
- July 14 Received a cheque from Kanini shs 57,000 after having deducted a 5% cash discount.
- July 16 Settled Ouru's account of shs 60,000 by cheque less 10% cash discount.
- July 18 Paid salaries shs 10,000.
- July 26 Settled electricity bill by cheque shs 30,000.
- July 29 Withdrew all the cash from the bank except shs 10,000.
- Required:**
- Prepare a duly balanced three column cash book. (10 marks)
- (b) Discuss **five** limitations that may arise to a community that engages in subsistence production. (10 marks)
5. (a) Explain **five** features of monopoly market structure. (10 marks)
- (b) Highlight five activities a sales person may take in personal selling process. (10 marks)
6. (a) Explain **five** benefits that may accrue to a business organization which expands the scale of its operations. (10 marks)
- (b) Explain five ways through which the government of Kenya may use to reduce the supply of money in the circulation. (10 marks)

BUSINESS STUDIES PAPER 1 & 2
MURANGA SOUTH
565/1
BUSINESS STUDIES
PAPER ONE
DECEMBER EXAMINATION 2020

1. Mention four of the main areas studied in business studies. 4mks
2. State four possible reasons why a sole proprietor would prefer to remain a sole trader rather than join in a partnership. 4mks
3. Indicate whether each of the following statements refer to generic or enterprise competition. 4mks
 - a) Soda and mineral water. _____
 - b) Kenya Airways competing with Ethiopian Airlines. _____
 - c) Brookside Dairies competing with KCC. _____
 - d) Chicken and beef. _____
4. Outline four goals of development to a country. 4mks
5. Highlight four ways through which the government of Kenya may promote trade. 4mks
6. The following are descriptions of features of human wants. Identify the feature that relate to the description in the space provided. 4mks
 - a) The same want can be satisfied using different resources. _____
 - b) Some wants are satisfied together. _____
 - c) One satisfied they have a tendency of being felt again and again. _____
 - d) A person is unable to fully satisfy all wants. _____
7. Outline four advantages of air transport. 4mks
8. State four benefits that Kenya may get as a member of COMESA. 4mks
9. The graph below represents the demand and supply curves of milk in the market.



- State four effects of a shift of the demand curve to the right. 4mks
10. Give four guidelines that may be used by the government of a certain country to promote efficient use of her resources. 4mks
11. Highlight four importance of a warehouse to a business. 4mks
12. Outline four factors to consider when determining the premium charged in life insurance policy. 4mks
13. Highlight four challenges that face entrepreneur in course of doing their businesses. 4mks
14. Outline one circumstance under which each of the following types of inflation may occur.
 - i) Creeping inflation _____ 2mks
 - ii) Hyper-inflation _____ 2mks
15. Outline four qualities that Njeri should have to work efficiently in an office. 4mks
16. Outline four benefits of advertisement to the consumer. 4mks
17. Outline four functions of World Bank. 4mks
18. Highlight four characteristics of a monopolistic competitive market. 4mks
19. Onyango is a wholesaler at Kaspel town. Outline two circumstances under which he may find deferred payments appropriate. 4mks
20. Highlight four factors that may influence the choice of a promotional method. 4mks
21. State four factors that may make a producer to by-pass the wholesaler when distributing goods. 4mks
22. Highlight four benefits of joining SACCOs. 4mks
23. Outline four reasons why an increase in per capita income may not necessarily lead to rise in the standard of living of the citizens. 4mks

24. The following balance was extracted from the books of Wekesa Traders on 31st December 2009.

ITEMSs	Shs	
Capital	500,000	
Cash in hand	20,000	
Buildings	200,000	
Furniture	25,000	
Motor Vehicle	400,000	
Creditors	18,000	
Debtors	36,000	
Bank	100,000	
Bank Loan	263,000	Prepare Wekesa Traders' Trial

balance as at 31st December 2009. (5mks)

25. Indicate the type of journal in which each of the following transactions would be recorded.

Transaction	Type of journal
a) Goods sold on credit	_____
b) Motor vehicle sold on credit	_____
c) Goods previously bought were returned	_____

3mks

MURANGA SOUTH

565/2

BUSINESS STUDIES

PAPER TWO

DECEMBER EXAMINATION 2020

- Explain five factors that should be considered before buying office equipment. (10mks)
 - Outline the difference between a cooperative society and a public limited company. (10mks)
- Explain five positive impacts of a youthful population in an economy. (10mk)
 - Explain five features of economic resources. (10mk)
- Jack Trader provided the following information from their annual records for the year ending 31st December 2010.

	Sh	Sh
Stock	45,000	
Gross Profit		216,000
Total Debtors	26,000	
Total Creditors		8,000
Discounts	5,000	12,000
Telephone bills	600	
Water bills	1,200	
Cash at bank	350,000	
Cash in hand	5,000	
Salaries and wages	16,000	
Total fixed assets	450,000	
capital		590,800
	898,800	898,800

Required-

- i) Profit and loss for the year. (5mks)
- ii) Balance sheet as at 31/12/2016. (5mks)
- b) Explain five factors that one may consider when selecting a means of communication. (10mk)
- 4. a) Explain five functions of the Central Bank of Kenya. (10mk)
- b) Given below is a table showing the market demand for a commodity from 2009 to 2015.

Year	Quantity demanded
2009	100,000
2010	120,000
2011	200,000
2012	150,000
2013	120,000
2014	100,000
2015	90,000

- Outline the circumstances which may influence the above trend. (10mk)
- 5. a) Explain five reasons for taxation in an economy. (10mk)
- b) Enter the following transactions in a three-column cash book of Wanjii Business and balance it off on 12th August 2020. 10mks

DETAILS

DATE

Aug 1	Balances from the previous month:
	Cash Sh. 5,000
	Bank Overdraft Sh. 2,000
	Debtors: Kibandi Sh. 10,000
	Issa Sh. 7,500
	Creditors: Njoroge Sh. 5,500
	Yusuf Sh. 4,400
Aug 3	Received a cheque from Kibandi for settlement of his account less 2.5% discount.
Aug 6	Paid Yusuf by cash the debt owing having deducted 5% discount.
Aug 10	Withdrew Sh. 3,000 from the bank and put it in the cash till.
Aug 12	Issa paid his account by cheque less 3% discount.

- 6) a) Explain five benefits Kenya would gain if she continues to trade with other countries. (10mk)
- b) Explain five benefits of division of labour to an organization. (10mk)

PREDICTION I

565/1

**BUSINESS STUDIES
PAPER ONE**

1. Identify the book of original entry in which each of the following transactions would be recorded. **(4 marks)**

	Transaction	Book of original entry
a)	Received cash sh. 25,000 from Kamau, a debtor.	
b)	Goods previously sold are now returned by Wanjohi, a debtor, sh. 2000	
c)	Bought furniture on credit sh. 50,000	
d)	Sold goods worth sh. 8000 on credit to James	

2. Highlight **four** differences between a savings account and a current account. **(4 marks)**
 3. State **four** duties of customs officials in the bonded warehouse. **(4 marks)**
 4. **The following information relates to Malindi traders for the year 2012.**

Turn over	Shs. 540,000
Margin	40%
Rate of turnover	6 times
Expenses	Sh. 80,000

From the above information, calculate:-

- a) Gross profit
 b) Cost of goods sold
 c) Net profit
 d) Average stock **(4 marks)**
5. Isaac has just completed his studies and would like to start a business. Highlight **four** factors that would influence him to locate his business near the market. **(4 marks)**
 6. Outline **four** disadvantages of automatic vending machines. **(4 marks)**
 7. Highlight **four** factors that may influence a shift in supply curve to left. **(4 marks)**
 8. State the effect of the following transactions on the capital indicating either “increase, decrease, or no effect” **(4 marks)**

	Transaction	Effect on capital
Dec. 21	Owner converted personal property to business property worth sh. 15,000	
Dec. 23	Received a cheque for sh. 15,000 being amount borrowed from a lending institution	
Dec. 25	Business made a profit of sh. 100,000	
Dec 28	Owner took cash sh. 7000 from business for his own personal use.	

9. Highlight **four** factors to consider when selecting a means of reproducing documents **(4 marks)**
 10. State **four** ways in which a society benefits from indirect product. **(4 marks)**
 11. Outline **four** ways in which the utility of a commodity can be increased. **(4 marks)**
 12. Highlight **four** roles played by stock exchange market in the economy. **(4 marks)**
 13. Highlight **four** types of direct tax. **(4 marks)**
 14. Outline **four** benefits of export processing zones to the economy. **(4 marks)**
15. Classify each of the following items of government expenditure as either development or recurrent. **(4 marks)**

BUSINESS STUDIES PAPER 1 & 2

	Item	Recurrent	Development
a)	Purchase of medicine for hospitals		
b)	Construction on of a new road		
c)	Payment of soldiers' salaries		
d)	Purchase of machinery for road construction		

16. In the course of preparing her balance sheet as at 31st December 2014, Joyce found that she had capital amounting to sh. 240,000 in her business. During the year, investments to totalled to sh. 100,000 while drawings were sh. 112,000. Calculate her initial capital as at 1st January 2014 if the profit was sh. 76,000. (4 marks)
17. Outline **four** circumstances under which a co-operative society may be dissolved. (4 marks)
18. State **four** disadvantages of railway transport. (4 marks)
19. Outline **four** roles of filing in an office. (4 marks)
20. Highlight **four** advantages of a bill of exchange (4 marks)
21. State **four** disadvantages of written communication. (4 marks)
22. Highlight **four** functions of advertising agencies. (4 marks)
23. Outline **four** challenges of young population. (4 marks)
24. State **four** accounting errors that may not be disclosed by the trial balance. (4 marks)
25. Highlight **three** causes of demand pull inflation. (4 marks)

PREDICTION I

565/2

BUSINESS STUDIES

PAPER ONE

1. (a) Explain **five** reasons for trade restriction by a country. (10 marks)
- (b) With the help of a diagram explain the circular flow of income in a two sector economy. (10 marks)
2. (a) Explain **five** principles of public expenditure that must be considered before any expenditure can be incurred by the government. (10 marks)
- (b) The following balances relate to Kilindini traders as at 31st July 2014.

Shs.

Stock 1/8/2013	60,000
Salaries	140,000
Creditors	70,000
Capital	1,400,000
Purchases	300,000
Rent	20,000
Insurance	80,000
Debtors	120,000
Sales	700,000
Stock (31/7/2014)	40,000
5 year bank loan	400,000
Returns inwards	30,000

Required:-

- (i) Prepare a trading and profit and loss account for the year ending 31st July 2014. (5 marks)
- (ii) Calculate the following ratios
- Margin (1 mark)
- Rate of stock turn over (2 marks)
- Return on capital (2 marks)
3. (a) Explain **five** causes of unemployment. (10 marks)
- (b) Explain **five** circumstances under which a pro-forma invoice may be used. (10 marks)

BUSINESS STUDIES PAPER 1 & 2

4. (a) Explain **five** measures that can be used by an office to safeguard the property of the organization. **(10 marks)**
 (b) Explain **five** ways in which the government may promote local trade. **(10 marks)**
5. (a) Explain **four** ethical issues in product promotion. **(8 marks)**
 (b) On 1st September 2013 Thika Traders had cash in hand sh. 560,000 and a following transaction took place during the month.
- Sept. 8** Paid the following creditors by cheque after deducting 10% discount in each case:-
 Benson sh. 140,000
 Martha sh. 98,000
- Sept 13** Settled Kimani's account sh. 70,000 by cheque after deducting 10% cash discount.
- Sept 17** Received cheques from the following debtors after deducting 10% discount in each case:-
 Mwanaisha sh. 350,000
 Fatma sh. 105,000
- Sept 24** Received the following cheques from debtor after having deducted cash discount of 2% in each case:-
 Josephine sh. 411,600
 Damaris sh. 123,480
- Sept 28** received the following amounts in cash from debtors handing deducted cash discount of 2%
 James sh. 82,320
 Faith sh. 246,960
- Required:-**
 Record the above transactions in a **three** column cashbook and balance it off at the end of the month. **(12 marks)**
6. (a) Explain **five** fiscal policy measures that can be used to control inflation. **(10 marks)**
 (b) Explain **five** circumstances under which face to face communication would be preferable to a firm. **(10 marks)**

KEIYO SOUTH

565/1

BUSINESS STUDIES

PAPER 1

- 1) Outline the **four** circumstances under which a producer in Eldoret town may distribute commodities directly to consumers **(4mks)**
- 2) State **four** features of labour as a factor of production **(4mks)**
- 3) Outline the factors that have contributed to the growth of self-employment in Kenya **(4mks)**
- 4) List the **four** essential elements of effective communication **(4mks)**
- 5) In the table below, show the balance sheet items affected by each of the transaction **(4mks)**

	Transaction	Items increased	Items decreased
a)	Start business with sh.50,000 cash		
b)	Bought furniture worth sh.5,000 and paid by cheque		

- 6) State **four** factors that determine the amount of money held by an individual for precautionary motive **(4mks)**
- 7) State **four** classes of resources used by business to achieve its objective **(4mks)**
- 8) Give **four** disadvantages of advertising through Television nowadays **(4mks)**
- 9) On 1st June 2018, Amani Stores had cash in hand sh. 60,000 and sh. 80,000 respectively. The following transaction took place;
 June 1st Received a cheque for sh.25, 000 from a debtor.
 June 5th Drew a cheque for sh. 55,000 in respect of creditors.

Required: Post the above transaction in the relevant ledger account **(4mks)**

- 10) Give **four** reasons why its difficult to satisfy human wants in real life situation? **(4mks)**
- 11) Ushindi group dissolved their partnership after operating for one year.

BUSINESS STUDIES PAPER 1 & 2

Give the **four** circumstances which led to this situation

(4mks)

12) State **four** differences between a tied shop and a single shop

(4mks)

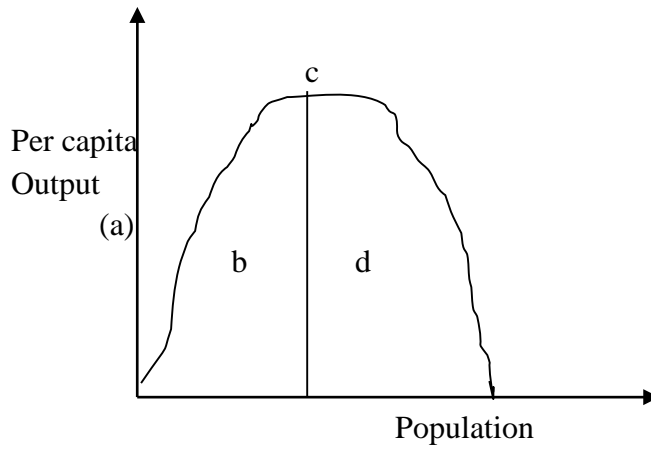
13) State **four** conditions that may encourage entrepreneurs in our country

(4mks)

14) The diagram below shows the relationship between population and output per capita

Name the part labeled a, b, c and d

(4mks)



15) List the **four** ways of determining price other than price mechanism

(4mks)

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16) State the term described in the table below in relation to transport (4mks)

	Description	Term
a)	Loading and offloading places for means of transport	
b)	Vessels used to transport goods and passengers from place to place	
c)	Rout or path passed by vessels	
d)	Source of driving force for means of transport	

- 17) State **four** sources from which the government raises its finance to provide essential goods and services to its citizens (4mks)
- 18) Outline any **four** unethical practices in product promotion (4mks)
- 19) State **four** activities that take place to make a landscape office (4mks)
- 20) Highlight the **four** ways the government regulates business in our country (4mks)
- 21) Outline **four** types of unemployment which may be experienced by a country (4mks)
- 22) State **four** drawbacks of comparing standard of living in different countries using national income (4mks)
- 23) State **four** types of cash books which are used by business people (4mks)
- 24) Outline **four** factors you will advice the M-pesa manager of M-pesa electronics company to consider when buying office machine for the company (4mks)
- 25) Outline **four** limitations of containerization popularity means of transport in Kenya (4mks)

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ANSWER ANY FIVE QUESTIONS

1. (a) Explain five benefits that may be realized by a country as a result of government policy to relocate industries to rural areas. (10 marks)
- b) Kenya has experienced a lot of losses through road accidents. Explain five measures the government has taken to reduce further loss of lives. (10 marks)
2. (a) Discuss five principles that would guide the Kenya's Government on effective use of public resources. (10 marks)

b) On 1st Jan 2011, Tradelink Enterprise had 22,250 Cash and 250,000 in the Bank

2nd Jan.	–	Made cash sales of shs 465,200
5th Jan	–	Received a cheque for shs 451,250 from Kamau Traders in full settlement of their debt after allowing a 5% cash discount.
15th Jan	–	Paid Ndaru Traders Shs 184,000 in cash after deducting a cash discount of shs 16,000
20th Jan	–	Deposited shs 200,000 from the cash till into the bank
25th Jan	–	Paid wages shs 144,000 in cash
28th Jan	–	Settled Mbago Trader's account of Shs 300,000 by cheque, less 15% cash discount
29th Jan	–	Withdrew shs 250,000 from the bank for office use
30th Jan	–	Deposited all the cash into the bank, except shs 59,700.

Required

Open a duly balanced Three Column Cash Book for the above transactions

3. (a) The table below shows the age distribution of a country.

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

- b) Explain five negative economic implications of this age distribution to a country. (10 marks)
4. (a) Explain five services that the Central Bank of Kenya offers to commercial banks. (10 marks)
- (a) Discuss Five characteristics of under developed countries

(b) The following balance sheet was prepared from the books of Kimani Traders.

Kimani Traders
Balance sheet
As at 31st Dec 2011

	Sh	sh		sh
<u>Fixed assets</u>			capital	280,000
Motor vehicle	600,000		<u>long term liabilities</u>	
Furniture	80,000	680,000	bank loan (5 years)	500,000
<u>Current assets</u>			<u>short term liabilities</u>	
Stock	200,000		creditors	280,000
Cash	60,000		bank overdraft	<u>20,000</u>
Debtors	<u>140,000</u>	<u>400,000</u>		<u>300,000</u>
		<u>1,080,000</u>		<u>1,080,000</u>

The following transactions then took place in January 2012

- (i) Opened a bank account for the business and deposited shs 120,000 from personal sources.
- (ii) Paid part of the bank loan shs 40,000 by cash.
- (iii) Bought goods worth shs 50,000 on credit.
- (iv) Sold part of the furniture worth shs 10,000 in cash

Required:

Prepare Kimani Traders Balance Sheet as at the end of January 2012

5. (a) Explain five benefits to Kenya for being a member of the East African Community Economic block.
- (b) Explain five importance of Entrepreneurship to the development of the Kenyan economy.

(10 mks)

- 6 (a) Describe four factors considered when choosing a means of communication. (8mks)
 (b) The following trial and balance relates to business of Twiga Traders as at 30th June 2008.

Twiga Traders,
Trial balance,
As at 30th June 2008

<u>Shs.</u>	<u>Shs</u>		
Land and Buildings	750,000		
Cash at bank	45,000		
Prepaid rent	5,000		
Debtors/creditors	10,000	15,000	
Opening stock	22,500		
Discounts	3,000	1,000	
Purchases/sales	70,000	160,000	
Wages	25,000		
Furniture	13,500		
Capital		771,850	
Carriage outwards	1,150		
Carriage inwards	2,700		
Returns	7,500	9,500	
Lighting	6,000		
Commissions		4,000	
	961,350	961,350	

Closing stock was valued at shs 11,000.

Required:

- (a) Prepare a trading profit and loss account as at 30th June 2009. (8mks)
 (b) Calculate the following ratios:-
- (i) Rate of return on capital (1mk)
 - (ii) Margin (1mk)
 - (iii) Quick ratio (1mk)
 - (iv) Rate of stock return over (1mk)

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BUSINESS STUDIES PAPER 1 & 2
MERU CENTRAL SUBCOUNTY JOINT EXAMINATION(2020)
BUSINESS STUDIES (565/1)
FORM 4 PAPER 1
END OF TERM 2 - 2020

1. State the unit of carriage for each of the following modes of transport 4mks)

Mode of transport	unit of carriage
Porterage	_____
Cartage	_____
Sea	_____
Air	_____
2. Outline four elements of demographic environment that may influence the operation of a business. (4 marks)
3. State four reasons why consumers have to make choices between competing wants. (4marks)
4. In the spaces provided below, indicate the type of utility created by each of the following business activities (4marks)

<u>Business activity</u>	<u>Type of utility</u>
Selling face masks to customers –	
Transporting onions-	
Storing onions in a granary-	
Making a camera-	
5. Outline four circumstances under which differed payment may be used (4marks)
6. State four advantages of transacting business through the internet. (4marks)
7. The following information relates to Mumbua traders for the year ended 31st April 2015.

Shs.

Cash at bank	30,000
Cash in hand	40,000
Current liability	500,000
Sales	920,000
Opening stock	150,000
Closing stock	230,000
Margin 25%	
Expenses 15% of sales	

- Determine
- i) Gross profit (1mark)
 - ii) cost of sales (1mark)
 - iii) Purchase for the year (1mark)
 - iv) Net profit (1mark)

8. For each of the following transactions indicate the account to be debited and credited. 4 marks

Transaction	A/c debited	A/c credited
a) Received discount from Top Suppliers		
b) Allowed discount to Shujaa Traders		
c) Sold furniture to Owuor in cash		
d) Took stock worth sh.200 for personal use		

9. Identify four benefits of international trade to a country (4marks)
10. Alice a retailer had a capital balance of sh.160,000 as at 30th June 2016. During the year ended June 30th 2017, the business made a profit of 130,000. Alice the proprietor made drawings of 1500 each month for her personal use. Compute the business capital as at 30th June 2017 (3marks)
11. Highlight four reasons that would make an organization use cell phones for communication within and outside the organization. (4marks)
12. State four benefits of “pooling of risks” to insurance company. (4marks)

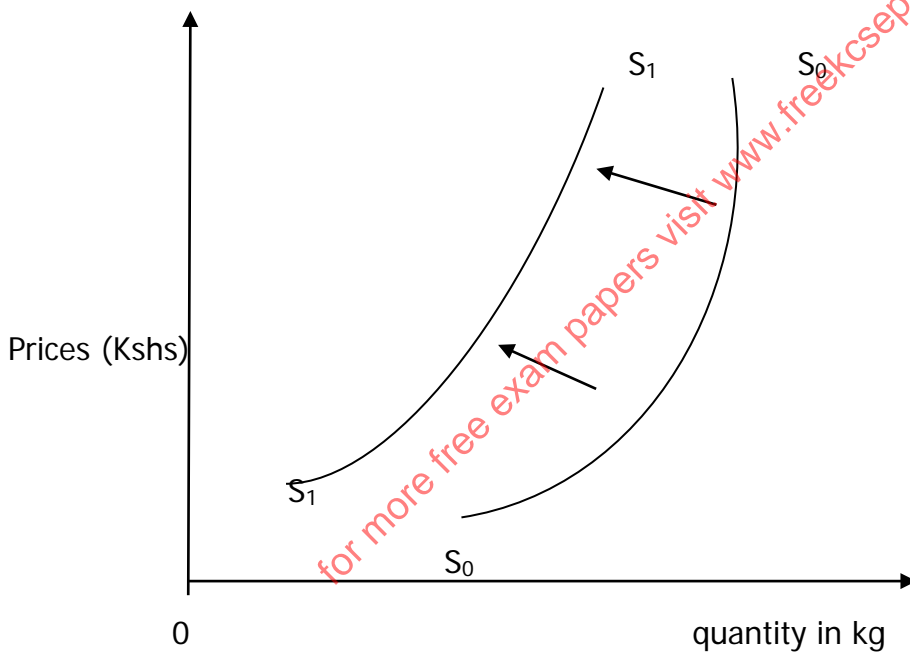
BUSINESS STUDIES PAPER 1 & 2

13. Outline four circumstances under which a firm may locate its operations near the source of raw materials. (4 marks)
14. Highlight four measures that the government can take to reduce mortality rate in the country. (4marks)
15. Many countries in Africa, Latin America and Asia are considered as under developed. Outline four characteristics underdeveloped countries have in common. (4marks)

16. State four ways of improving service delivery in parastatals and state corporation. (4marks)
17. State four locations in a country where bonded warehouse are likely to be found. (4marks)
18. The following information was extracted from the books of Amani traders on 31st Dec 2010

Commission received	22,000
Sales	763,000
Loan interest	52,500
Purchases	474,000
General expenses	30,000
Drawings	96,000
Rent	120,000
Salaries owing	72,000
Electricity pre paid	85,000

- Prepare Amani traders trial balance for the month ended 31st Dec 2010. (5 marks)
19. The diagram below shows a shift in supply curve from S_0S_0 to S_1S_1 .



- State four factors that may account for the above shift. (4marks).
20. Outline four contributions of the households to the national income of a country. (4marks)
21. State four circumstances under which a customer would prefer to be paid by a banker's cheque. (4 marks)
22. outline four benefits of becoming a member of a savings and credit cooperative society.(SACCO). (4marks)
23. Highlight four methods used by a monopolistic firm to differentiate products. (4marks)
24. State four circumstances under which a business firm may use photocopying as a means of reproducing documents. (4 marks)
25. Apart from government borrowing, outline four other sources of government revenue. (4marks)

BUSINESS STUDIES PAPER 1 & 2
MERU CENTRAL SUBCOUNTY JOINT EXAMINATION(2020)
BUSINESS STUDIES (565/2)
FORM 4 PAPER 2
END OF TERM 2 - 2020

- 1 a) Describe five features of economic resources (10marks)
 b) Explain five internal economies of scale that a firm can enjoy as its scale of production increases. (10marks)
- 2 a) Explain five important of filing documents in an organization (10marks)
 b) Explain five factors that determine the size of a firm (10marks)
- 3 a) The following trial balance was prepared from the books of Muranga traders as at 31st Dec 2018

Muranga traders
 Trial balance
 As at 31st Dec 2018

	Dr (shs)	Cr (shs)
Sales		900,000
Purchases	500,000	
Returns	60,000	20,000
Carriage inwards	30,000	
Carriage outwards	3,000	
Stock (jan 2018)	100,000	
Rent	12,000	60,000
Delivery van	300,000	
Bank	60,000	
Creditors		50,000
Debtors	100,000	
Interest	18,000	
General expenses	7,000	
Capital		178,000
	1,190,000	1,190,000

- Stock on 31st Dec 2018 was at sh.130,000 required,
 Prepare a trading profit and loss account for the year ended 31st Dec 20189. (10marks)
- b) Explain any five limitations of advertising goods in newspapers (10marks)
 - 4 a) Explain 5 ways of correcting balance of payment deficit. (10marks)
 b) Explain five factors that are likely to lead to high birth rate in Kenya. (10 marks)
 - 5 a) Explain five challenges that may be faced by a producer who sells goods directly to consumers. (10 marks)
 b) On March 1 2017, Lyon had cash in hand sh.87,000 and cash at bank sh.250,000. During the month, the following transactions took place:

2017

- March 2: Cash sales sh.60,000
 3: Paid salaries sh.101,500 by cheque
 7: Received a cheque of sh.76,000 from Henry after allowing him a cash discount of 5%
 13: Bought office furniture by cheque sh.86,000
 17: Settled Marita's account for sh.34,200 in cash, having deducted sh.800 cash discount.
 20: Received a cheque for sh.165,000 in respect of cash sales.
 22: Paid wages sh.25,000 in cash.
 24: Withdrew sh.32,000 from the bank for office use.
 25: Withdrew sh.4000 cash for personal use
 29: received sh.17,000 cash form Alvin in settlement of his account less sh.1000 cash discount.

31: Deposited all the money into the bank except sh.24,000.

Required:

Prepare a three column cash book duly balanced.

(10 marks)

- 6 a) Differentiate between life assurance and property insurance
b) Explain five circumstances under which personal selling may be most appropriate.

(10marks)

(10 marks)

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KISII DIOCESE SCHOOLS JOINT EVALUATION EXAM

565/1

BUSINESS STUDIES

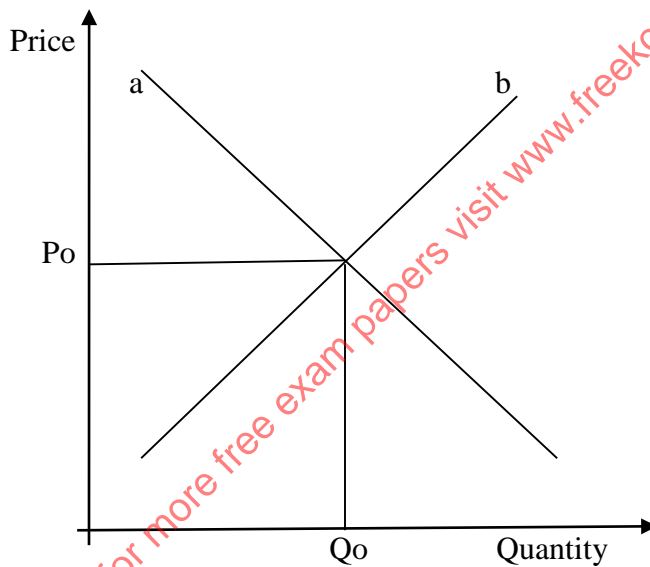
PAPER 1

DEC. 2020

1. Name the reward that can be paid to the following resources if they were to be used in production. (4mks)

RESOURCE	REWARD
i) Cotton
ii) Motor vehicle
iii) Manager
iv) Owner

2. Outline **FOUR** procedures involved in personal selling process. (4mks)
3. Outline **FOUR** circumstances under which Cash With Order (C.W.O) may be used in home trade. (4mks)
4. State **FOUR** benefits that may be derived by a consumer who buys directly from a producer. (4mks)
5. Highlight **FOUR** ways in which the Central Bank of Kenya may use to reduce the amount of money in circulation. (4mks)
6. Outline **FOUR** factors that may limit the number of entrepreneurs in an area. (4mks)
7. State **FOUR** advantages of using E-mail in communication. (4mks)
8. The diagram below shows a demand and supply of commodity Y. Indicate the new equilibrium price and quantity if supply reduces and demand remains constant. (4mks)



9. The following were balances from the books of Nyandoro traders for the year ended on 31.3.2019.

	Sh.
Overdraft (monthly)	19,165
Debtors	145,220
Creditors	95,200
Premises	480,000

Determine the Net worth of the business as at 31.3.2019. (4mks)

10. Highlight **FOUR** problems encountered when using output approach in measuring national income. (4mks)
11. State **FOUR** transactions that would be recorded in a country's balance of payment account. (4mks)
12. The following transactions relate to Kwamboka Traders for the month of May 2018.

- May 2: Sold goods for sh. 25,000 cash.
- May 10: Received sh. 19,600 cash from Ondieki, a debtor, after allowing him a 2% cash discount.
- May 14: Deposited sh. 20,000 cash to bank.
- May 25: Received a cheque of sh. 15,000 from Kerubo, a debtor less 4% cash discount.

Enter the above transactions in a cash receipt journal of Kwamboka traders. (5mks)

13. State **FOUR** duties that are being performed by a personal secretary in an office. (4mks)

14. Highlight **FOUR** essential features of a warehouse. (4mks)

15. The following is an extract of a cash book.

Dr					Cr				
Date	Details	Disc.	Cash	Bank	Date	Details	Disc.	Cash	Bank
2017					2017				
May	Bal. b/d		W	40,000	May	Purchases		30,000	
2	Orina	1000	6,900		1	Rent			12,000
	Alice	X		71,250		Salaries		9,600	
12	Sales		50,000		5	Bal. c/d		Y	99,250
		<u>3,400</u>		<u>111,250</u>				<u>81,100</u>	
20					19				
26					31				

Determine the figures represented by W, X, Y. (3mks)

16. State **FOUR** problems of a rapidly growing population of a country. (4mks)

17. Highlight **FOUR** complaints that consumer organizations may receive from its members. (4mks)

18. Outline **FOUR** legal-political factors that may affect the performance of a business operation. (4mks)

19. Outline **FOUR** circumstances under which an insured may not be compensated after suffering a loss. (4mks)

20. State **FOUR** reasons why a firm may choose to remain small despite the benefits enjoyed by large scale firms. (4mks)

21. The following information relate to Tume traders for the period ended 31st July 2018.

Sales	sh. 640,000
Opening stock	sh. 27,000
Purchases	sh. 525,000
Profit Margin	20%

Prepare Tumes's tradings account. (4mks)

22. Outline **FOUR** sources of capital for savings and credit cooperative society. (4mks)

23. State **FOUR** reasons why the government may decide to avoid direct taxation when raising revenue. (4mks)

24. For each of the following transactions, name the account to be credited. (4mks)

TRANSACTION

A/C CREDITED

- i) Returned goods to a supplier
- ii) Started a business with cash
- iii) Gave cash discount to the customer
- iv) Received a cheque from a debtor

25. Give **FOUR** reasons why a manufacturing firm would be located in an area well served with good road network. (4mks)

**KISH DIOCESE SCHOOLS
JOINT EVALUATION EXAM
565/2
BUSINESS STUDIES
PAPER 2
DEC. 2020**

Answer five questions only.

1. (a) Explain **five** ways in which external environment may positively influence the operations of a business enterprise. (10 marks)
- (b) Highlight **five** differences between a partnership and a public limited company. (10 marks)
2. (a) Explain **four** ways in which insurance is important in the development of an economy. (8 marks)
- (b) The following trial balance was extracted from the books of Ringo Stores on 31st December, 2019.

**Ringo Stores
Trial Balance as at 31st December, 2019**

	Dr	Cr
	Kshs	Kshs
Purchases/Sales	140,000	190,000
Carriage outwards	8,000	
Stock (1/1/2019)	25,000	
Fixed assets	164,000	
Creditors		17,000
Debtors	21,000	
Salaries	28,000	
Returns	3,000	4,800
Bank overdraft		15,000
Cash in hand	5,000	
General expenses	10,400	
Capital		<u>177,600</u>
	<u>404,400</u>	<u>404,400</u>

Additional information:

- Closing stock was valued at sh 13,000

Required:

- (i) Prepare a Trading, Profit and Loss Account for the year ended 31st December, 2019. (7½ marks)
- (ii) Balance sheet as at 31st December, 2019. (4½ marks)
3. (a) Discuss **five** circumstances under which a trader may choose to transport goods by rail. (10 marks)
- (b) Highlight **five** measures taken by the government to reduce the volume of imports. (10 marks)
4. (a) On 1st July 2017, Kirwa Retailers had shs 10,000 in cash and a bank overdraft of sh 120,000. The following transactions took place during the month **2017**.

- July 2 Cash sales shs 200,000 receiving shs 150,000 and the balance by cheque.
- July 4 Bought purchases shs 15,000.
- July 6 Rono settled his account of shs 300,000 by cheque having deducted 10% cash discount.
- July 8 Withdrew shs 40,000 from the bank for business use.
- July 14 Received a cheque from Kanini shs 57,000 after having deducted a 5% cash discount.
- July 16 Settled Ouru's account of shs 60,000 by cheque less 10% cash discount.
- July 18 Paid salaries shs 10,000.
- July 26 Settled electricity bill by cheque shs 30,000.
- July 29 Withdrew all the cash from the bank except shs 10,000.

Required:

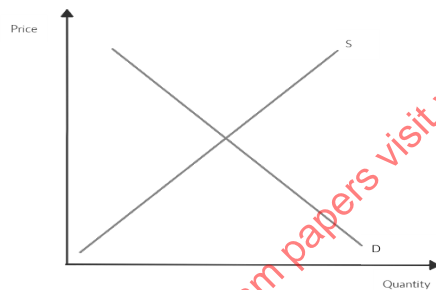
- Prepare a duly balanced three column cash book. (10 marks)
- (b) Discuss **five** limitations that may arise to a community that engages in subsistence production.

5. (a) Explain **five** features of monopoly market structure. (10 marks)
- (b) Highlight five activities a sales person may take in personal selling process. (10 marks)
6. (a) Explain **five** benefits that may accrue to a business organization which expands the scale of its operations. (10 marks)
- (b) Explain five ways through which the government of Kenya may use to reduce the supply of money in the circulation. (10 marks)

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MURANGA SOUTH
565/1
BUSINESS STUDIES
PAPER ONE
DECEMBER EXAMINATION 2020

1. Mention four of the main areas studied in business studies. 4mks
2. State four possible reasons why a sole proprietor would prefer to remain a sole trader rather than join in a partnership. 4mks
3. Indicate whether each of the following statements refer to generic or enterprise competition. 4mks
 - a) Soda and mineral water. _____
 - b) Kenya Airways competing with Ethiopian Airlines. _____
 - c) Brookside Dairies competing with KCC. _____
 - d) Chicken and beef. _____
4. Outline four goals of development to a country. 4mks
5. Highlight four ways through which the government of Kenya may promote trade. 4mks
6. The following are descriptions of features of human wants. Identify the feature that relate to the description in the space provided. 4mks
 - a) The same want can be satisfied using different resources. _____
 - b) Some wants are satisfied together. _____
 - c) One satisfied they have a tendency of being felt again and again. _____
 - d) A person is unable to fully satisfy all wants. _____
7. Outline four advantages of air transport. 4mks
8. State four benefits that Kenya may get as a member of COMESA. 4mks
9. The graph below represents the demand and supply curves of milk in the market.



- State four effects of a shift of the demand curve to the right. 4mks
10. Give four guidelines that may be used by the government of a certain country to promote efficient use of her resources. 4mks
11. Highlight four importance of a warehouse to a business. 4mks
12. Outline four factors to consider when determining the premium charged in life insurance policy. 4mks
13. Highlight four challenges that face entrepreneur in course of doing their businesses. 4mks
14. Outline one circumstance under which each of the following types of inflation may occur.
 - i) Creeping inflation _____ 2mks
 - ii) Hyper-inflation _____ 2mks
15. Outline four qualities that Njeri should have to work efficiently in an office. 4mks
16. Outline four benefits of advertisement to the consumer. 4mks
17. Outline four functions of World Bank. 4mks
18. Highlight four characteristics of a monopolistic competitive market. 4mks
19. Onyango is a wholesaler at Kaspel town. Outline two circumstances under which he may find deferred payments appropriate. 4mks
20. Highlight four factors that may influence the choice of a promotional method. 4mks
21. State four factors that may make a producer to by-pass the wholesaler when distributing goods. 4mks
22. Highlight four benefits of joining SACCOS. 4mks
23. Outline four reasons why an increase in per capita income may not necessarily lead to rise in the standard of living of the citizens. 4mks

24. The following balance was extracted from the books of Wekesa Traders on 31st December 2009.

ITEMS	Shs
Capital	500,000
Cash in hand	20,000
Buildings	200,000
Furniture	25,000
Motor Vehicle	400,000
Creditors	18,000
Debtors	36,000
Bank	100,000
Bank Loan	263,000

Prepare Wekesa Traders' Trial balance as at 31st December 2009.

(5mks)

25. Indicate the type of journal in which each of the following transactions would be recorded.

Transaction	Type of journal
a) Goods sold on credit	_____
b) Motor vehicle sold on credit	_____
c) Goods previously bought were returned	_____

3mks

MURANGA SOUTH

565/2

BUSINESS STUDIES

PAPER TWO

DECEMBER EXAMINATION 2020

- Explain five factors that should be considered before buying office equipment. (10mks)
 - Outline the difference between a cooperative society and a public limited company. (10mks)
- Explain five positive impacts of a youthful population in an economy. (10mk)
 - Explain five features of economic resources. (10mk)
- Jack Trader provided the following information from their annual records for the year ending 31st December 2010.

	Sh	Sh
Stock	45,000	
Gross Profit		216,000
Total Debtors	26,000	
Total Creditors		8,000
Discounts	5,000	12,000
Telephone bills	600	
Water bills	1,200	
Cash at bank	350,000	
Cash in hand	5,000	
Salaries and wages	16,000	
Total fixed assets	450,000	
capital		590,800
	898,800	898,800

Required-

- i) Profit and loss for the year. (5mks)
- ii) Balance sheet as at 31/12/2016. (5mks)
- b) Explain five factors that one may consider when selecting a means of communication. (10mk)
- 4. a) Explain five functions of the Central Bank of Kenya. (10mk)
- b) Given below is a table showing the market demand for a commodity from 2009 to 2015.

Year	Quantity demanded
2009	100,000
2010	120,000
2011	200,000
2012	150,000
2013	120,000
2014	100,000
2015	90,000

- Outline the circumstances which may influence the above trend. (10mk)
- 5. a) Explain five reasons for taxation in an economy. (10mk)
- b) Enter the following transactions in a three-column cash book of Wanjii Business and balance it off on 12th August 2020. 10mks

DETAILS

Aug 1	Balances from the previous month:
	Cash Sh. 5,000
	Bank Overdraft Sh. 2,000
	Debtors: Kibandi Sh. 10,000
	Issa Sh. 7,500
	Creditors: Njoroge Sh. 5,500
	Yusuf Sh. 4,400
Aug 3	Received a cheque from Kibandi for settlement of his account less 2.5% discount.
Aug 6	Paid Yusuf by cash the debt owing having deducted 5% discount.
Aug 10	Withdrew Sh. 3,000 from the bank and put it in the cash till.
Aug 12	Issa paid his account by cheque less 3% discount.

- 6) a) Explain five benefits Kenya would gain if she continues to trade with other countries. (10mk)
- b) Explain five benefits of division of labour to an organization. (10mk)

PREDICTION I
565/1
BUSINESS STUDIES
PAPER ONE

1. Identify the book of original entry in which each of the following transactions would be recorded. (4 marks)

	Transaction	Book of original entry
a)	Received cash sh. 25,000 from Kamau, a debtor.	
b)	Goods previously sold are now returned by Wanjohi, a debtor, sh. 2000	
c)	Bought furniture on credit sh. 50,000	
d)	Sold goods worth sh. 8000 on credit to James	

2. Highlight **four** differences between a savings account and a current account. (4 marks)
 3. State **four** duties of customs officials in the bonded warehouse. (4 marks)
 4. **The following information relates to Malindi traders for the year 2012.**

Turn over	Shs. 540,000
Margin	40%
Rate of turnover	6 times
Expenses	Sh. 80,000

From the above information, calculate:-

- a) Gross profit
 b) Cost of goods sold
 c) Net profit
 d) Average stock (4 marks)
5. Isaac has just completed his studies and would like to start a business. Highlight **four** factors that would influence him to locate his business near the market. (4 marks)
 6. Outline **four** disadvantages of automatic vending machines. (4 marks)
 7. Highlight **four** factors that may influence a shift in supply curve to left. (4 marks)
 8. State the effect of the following transactions on the capital indicating either “increase, decrease, or no effect” (4 marks)

	Transaction	Effect on capital
Dec. 21	Owner converted personal property to business property worth sh. 15,000	
Dec. 23	Received a cheque for sh. 15,000 being amount borrowed from a lending institution	
Dec. 25	Business made a profit of sh. 100,000	
Dec 28	Owner took cash sh. 7000 from business for his own personal use.	

9. Highlight **four** factors to consider when selecting a means of reproducing documents (4 marks)
 10. State **four** ways in which a society benefits from indirect product. (4 marks)
 11. Outline **four** ways in which the utility of a commodity can be increased. (4 marks)
 12. Highlight **four** roles played by stock exchange market in the economy. (4 marks)
 13. Highlight **four** types of direct tax. (4 marks)
 14. Outline **four** benefits of export processing zones to the economy. (4 marks)

15. Classify each of the following items of government expenditure as either development or recurrent. (4 marks)

	Item	Recurrent	Development
a)	Purchase of medicine for hospitals		
b)	Construction on of a new road		
c)	Payment of soldiers' salaries		
d)	Purchase of machinery for road construction		

16. In the course of preparing her balance sheet as at 31st December 2014, Joyce found that she had capital amounting to sh. 240,000 in her business. During the year, investments to totalled to sh. 100,000 while drawings were sh. 112,000. Calculate her initial capital as at 1st January 2014 if the profit was sh. 76,000. (4 marks)
17. Outline **four** circumstances under which a co-operative society may be dissolved. (4 marks)
18. State **four** disadvantages of railway transport. (4 marks)
19. Outline **four** roles of filing in an office. (4 marks)
20. Highlight **four** advantages of a bill of exchange (4 marks)
21. State **four** disadvantages of written communication. (4 marks)
22. Highlight **four** functions of advertising agencies. (4 marks)
23. Outline **four** challenges of young population. (4 marks)
24. State **four** accounting errors that may not be disclosed by the trial balance. (4 marks)
25. Highlight **three** causes of demand pull inflation. (4 marks)

PREDICTION I

565/2

BUSINESS STUDIES

PAPER ONE

1. (a) Explain **five** reasons for trade restriction by a country. (10 marks)
- (b) With the help of a diagram explain the circular flow of income in a two sector economy. (10 marks)
2. (a) Explain **five** principles of public expenditure that must be considered before any expenditure can be incurred by the government. (10 marks)
- (b) The following balances relate to Kilindini traders as at 31st July 2014.

Shs.

Stock 1/8/2013	60,000
Salaries	140,000
Creditors	70,000
Capital	1,400,000
Purchases	300,000
Rent	20,000
Insurance	80,000
Debtors	120,000
Sales	700,000
Stock (31/7/2014)	40,000
5 year bank loan	400,000
Returns inwards	30,000

Required:-

- (i) Prepare a trading and profit and loss account for the year ending 31st July 2014. (5 marks)
- (ii) Calculate the following ratios
- Margin (1 mark)
- Rate of stock turn over (2 marks)
- Return on capital (2 marks)

3. (a) Explain **five** causes of unemployment. (10 marks)
 (b) Explain **five** circumstances under which a pro-forma invoice may be used. (10 marks)
4. (a) Explain **five** measures that can be used by an office to safeguard the property of the organization. (10 marks)
 (b) Explain **five** ways in which the government may promote local trade. (10 marks)
5. (a) Explain **four** ethical issues in product promotion. (8 marks)
 (b) On 1st September 2013 Thika Traders had cash in hand sh. 560,000 and a following transaction took place during the month.

Sept. 8 Paid the following creditors by cheque after deducting 10% discount in each case:-

Benson	sh. 140,000
Martha	sh. 98,000

Sept 13 Settled Kimani's account sh. 70,000 by cheque after deducting 10% cash discount.

Sept 17 Received cheques from the following debtors after deducting 10% discount in each case:-

Mwanaisha	sh. 350,000
Fatma	sh. 105,000

Sept 24 Received the following cheques from debtor after having deducted cash discount of 2% in each case:-

Josephine	sh. 411,600
Damaris	sh. 123,480

Sept 28 received the following amounts in cash from debtors handing deducted cash discount of 2%

James	sh. 82,320
Faith	sh. 246,960

Required:-

Record the above transactions in a **three** column cashbook and balance it off at the end of the month.

- (12 marks)
6. (a) Explain **five** fiscal policy measures that can be used to control inflation. (10 marks)
 (b) Explain **five** circumstances under which face to face communication would be preferable to a firm. (10 marks)

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