

MARANDA HIGH SCHOOL
2023 MOCK EXAMINATION
565/1

BUSINESS STUDIES PAPER 1

1. Outline **four** services that support trade. (4 marks)
2. List **four** examples of an open trade credit. (4 marks)
3. Outline **four** sources of capital for limited liability companies. (4 marks)
4. Identify **four** classification of goods described in each of the following statement. (4 marks)

Description	Classification
a) Have no monetary value	
b) Goods that require special handling to be used in future	
c) Goods that are not ready for use before further processing	
d) Individual have inclusive right to usage	

5. The capital of Mwangi Business on 1st of January 2022 was sh. 133,000. During the year additional investment of sh. 29,000 and drawing amounting to sh. 45,000 were made. The business earned sh. 107,000 profit for the year ended 31st December 2022. Calculate the capital as at 31st December 2022. (4 marks)
6. State four external factors that are considered when evaluating business opportunity. (4 marks)
7. The following transaction relates to Walimu books of account for the month of April 2023.
 - 1st April had the following balances sh. 235,000 cash in hand and sh. 16,000 cash at Bank (Cr)
 - 6th April settle his account with Watonga a creditor sh. 97,000 by cheque
 - 13th April, received a cheque of sh. 28,000 from Omoyo
 - 30th April deposited all the cash into business bank account

Required: prepare a two column cash book. (4 marks)
8. Highlight **four** features of a tied shop. (4 marks)
9. Highlight **four** features a warehouse should have in order for it to function effectively. (4 marks)
10. Identify the source documents that relate to each of the following transaction. (4 marks)

Transaction	Source document
a) Goods are sold on credit	
b) When correcting an undercharge on customer who failed to return packing cases	
c) When cash is received for goods sold	
d) When payment for goods purchased is made by cheque	

11. Outline **four** advantages of using modern technology in production of goods. (4 marks)
12. State **four** circumstances under which an accountant communicates to the accounts clerk. (4 marks)
13. State four factors that lead to decrease in supply of commodities in a market. (4 marks)
14. Highlight **four** differences between money order and postal order. (4 marks)

15. Highlight **four** benefits of locating a firm near the source of raw materials. (4 marks)
16. The following information were extracted from Shiriki traders' books of account for the period ended 30th April 2023

Land	100,000
Capital	94,000
10 year Equity loan	20,000
Debtors	6,000
Cash	15,000
Stock	10,000
Debentures	14,500
Creditors	8,000
Drawing	5,500

Calculate

- a) Working capital. (2 marks)
- b) Capital employed. (2 marks)
17. Outline **four** factors that may make an insurer to charge high premium. (4 marks)
18. Outline **four** guidelines that should be followed by the government in its expenditure. (4 marks)
19. State **four** ways in which government may control monopoly power. (4 marks)
20. Highlight **four** advantages of m- banking. (4 marks)
21. Give **four** types of errors that may not be disclosed by a trial balance. (4 marks)
22. Outline **four** challenges faced by saving credit co-operatives societies (SACCOs) in Kenya today. (4 marks)
23. Highlight **four** demerits of giving a product to customers freely for trial. (4 marks)
24. Identify the documents that match the following description as used in the international trade. (4 marks)

Description	Document
a) The document that specify the manufacture to supply the goods	
b) The document that allow the person named therein to claim the goods when arrived at the port of destination	
c) Documents that shows that the prices charged on import are fair	
d) The document that authorizes resale of goods being imported	

25. The following is a subsidiary book that was drawn for the first week of the month of May 2023;

Date	Particulars	Credit note no.	Ledger folio	Amount
May 2023				
1	Mwanzo Enterprises	093	PL	13,000
5	Kanini Merchants	179	PL	7,200
14	Jumbo traders	008	PL	19,000
	Totals to be credited to return Outwards a/c			39,200

- a) Identify the subsidiary book above. (1 mark)
- b) Give a reason for your answer above (a). (1 mark)
- c) State the transaction that took place on the following date. (2 marks)
- 1st May 2023
- 14th May 2023

MARANDA HIGH SCHOOL
2023 MOCK EXAMINATION
565/2
BUSINESS STUDIES PAPER 2

1. (a). Explain **five** demerits of under population. (10 marks)
- (b). Explain **five** importance of a business plan to an entrepreneur. (10 marks)
2. (a). Explain **five** circumstances under which a trader would prefer letters than telephone when communicating with suppliers. (10 marks)
- (b). Explain **five** factors that may lead to an increase in a country's productivity. (10 marks)
3. (a). Explain **five** causes of unfavourable balance of payments. (10 marks)
- (b). Explain **five** characteristics of economic resources. (10 marks)
4. (a). Explain **five** functions of an office in a company. (10 marks)
- (b). Explain **five** principles of taxation. (10 marks)
5. (a). Explain **five** advantages of railway transport in Kenya. (10 marks)
- (b). On 1st January 2021, Mbale traders had shs.22, 500 in cash and shs.250, 000 at bank.

During the month, the following transactions took place:

Jan 2: made cash sales of shs. 465,200.

Jan 5: Received a cheque of shs. 451,250 from Kamau traders in full settlement for their debt after allowing a 5% cash discount.

Jan 15: paid Ndovu traders shs. 184,000 in cash after deducting a cash discount of shs.16,000.

Jan 20: Deposited shs. 200,000 from cash till into the bank.

Jan 25: Paid wages shs. 144,000 in cash.

Jan 26: Bought goods worth 30,000 on credit from kisii traders.

Jan 28: Settled Mbago traders account of sh. 300,000 by cheque, less 15% cash discount

Jan 29: Withdrew shs. 250,000 from the bank for office use.

Jan 30: Deposited all the cash into the bank, except shs. 59,700.

Required: Prepare a duly balanced three column cash book. (10 marks)

6. (a). Explain **five** circumstances under which personal selling may be appropriate to a business. (10 marks)
- (b). The following trial balance was prepared by Laketi traders as at 31 December 2022.

Particulars	Debit shs.	Credit shs.
Premises	850,000	
Debtors	650,500	
Creditors		820,000
Motor vehicle	800,000	
Equipment	550,500	
Gross profit		1,960,200
Furniture	350,000	
Stock	75,000	
Bank	200,000	
Cash in hand	150,000	
General expenses	117,800	
Discount received		66,100
Commission allowed	12,400	
Insurance	7,500	
Lighting	4,600	
Salaries	78,000	
Capital		1,000,000
	3,846,300	3,846,300

Using the information given above:

- i) Prepare profit and loss account. (4 marks)
 ii) Prepare balance sheet. (6 marks)

NTIMARU SUB-COUNTY CLUSTER EXAMS

565/1

BUSINESS STUDIES PAPER 1

SEPTEMBER 2023

1. Outline **four** negative effects of liberalization to a country (4mks)
2. State **four** ways in which the Kenya National Chamber of commerce and industry (K.N.C.C) promotes development of business activities in Kenya, (4mks)
3. Highlight **four** problems associated with high population growth rate in a developing country like Kenya. (4mks)
4. Outline **four** challenges that a new entrepreneur will experience when establishing business in Kenya (4mks)
5. Outline **four** tools used by central bank to control credit. (4mks)
6. State **four** advantages of taking an endowment insurance policy (4mks)
7. Highlight **four** disadvantages of cartels to consumers. (4mks)
8. Kenya has been experiencing an upward trend in the price of petrol as a result of inflation. State **four** steps that can be taken to minimize expenditure on petrol. (4mks)
9. Given below are books of original entry, state the source document used to prepare each of the books. (4mks)

Books	Source document
(i) Cash book	
(ii) Sales journal	
(iii) Purchase journal	
(iv) Sales return journal	

10. State **four** ways in which mobile phones service are important in promoting business activities. (4mks)
11. Highlight **four** disadvantages of a monopoly. (4mks)
12. Highlight **four** reasons why many African countries fail to achieve high economic growth rates. (4mks)
13. Outline **four** circumstances under which a producer would not require a lot of warehousing space. (4mks)
14. The for following information relates to Bukhayo Traders for the year ended 31st December 2010

	shs.
Opening stock	65,000
Purchases	250,000
Sales	33,000
Profit margin	15%
Closing stock	?

Required.

- Prepare Bukhayo Traders trading account for the year ended 31st December 2010 (4mks)
15. Outline **four** functions of microfinance institutions in Kenya. (4mks)
 16. Maziwa had shs. 60000 in his business bank account as at January 1st 2011. During the month the following transactions took place

Jan	2 nd	withdrew shs. 40,000 from bank for office use.
“	3 rd	credit sale to Juma shs. 25,000

- “ 6th paid salaries in cash shs.25,000
- “ 10th credit purchase from Jane shs 40,000
- “ 14th Maziwa took cash shs, 10,000 to pay school fees.
- “ 19th received a cheque from Juma shs. 20,000
- ” 25th returned goods to Jane shs. 2,000
- “ 28th took all the cash to the bank leaving a balance of shs.1,000

Required

Prepare a duly balanced two column cash book. (5mks)

Date	Details	F	Cash	Bank	Date	Details	F	Cash	Bank

- 17. Highlight **four** drawbacks that a firm may experience by employing a customer care (receptionist) who has bad qualities. (4mks)
- 18. Highlight **four** reasons why hypermarkets are increasingly becoming popular in Kenya. (4mks)
- 19. Outline **four** circumstances under which personal selling are appropriate. (4mks)
- 20. The following information was obtained from the books of citizen traders on 31st July 2010

	shs.
Motor vehicle	80,000
Plant and machinery	70,000
Bank loan	60,000
Stock	25,000
Debtors	30,000
Cash in hand	20,000
Creditors	30,000

Required.

Prepare Citizens Traders balance sheet as at 31st July 2010.

- 21. The following information relates to Jua Kali enterprises for the year ended 31st March 2011
 - Mark up 25%
 - Sales ksh. 250,000

Determine

- i) Gross profit (2mks)
 - ii) The margin percentage (1mk)
 - iii) Cost of goods sold (1mk)
- 22. Highlight **four** circumstances under which specialization in production may not be necessary. (4mks)
 - 23 List **four** major sources of Government revenue. (4mks)
 - 24. Highlight **four** ways the Government can use to influence the demand of a commodity in the market. (4mks)
 - 25. Classify each of the following goods as either producer or consumer goods. (3mks)

Goods	Classification
a) Factory	
b) Private car	
c) Iron ore	

d) Tools e) Exercise books f) Clothing	
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NTIMARU SUB-COUNTY CLUSTER EXAMS

565/2

BUSINESS STUDIES Paper 2

JULY/AUGUST 2023 - 2½ Hours

1. (a) Explain **five** ways in which the government of Kenya can reduce the level of unemployment. (10 marks)
- (b) Give **five** differences between a public limited company and a public corporation. (10 marks)
2. (a) Explain **five** reasons why the use of sales persons is a preferred method of sales promotion. (10 marks)
- (b) Explain **five** sources of public finance. (10 marks)
3. (a) Explain **five** circumstances under which a cheque may be dishonoured. (10 marks)
- (b) The following balances were extracted from the books of Jasho Trades on 1st January 2022

	Ksh.
Capital	500,000
Creditors	150,000
Motor van	180,000
Furniture	200,000
Stock	50,000
Debtors	80,000
Cash	140,000

The following transactions took place during the year ended 31st January 2022:

- (i) Sold furniture worth Ksh 60,000 for which Ksh. 40,000 was received and the balance was due at the end of the year
- (ii) Purchased goods worth Ksh. 100,000 for which Ksh.70, 000 was paid and the balance was still outstanding at the end of the year.
- (iii) Cash Ksh. 10,000 was taken from the business by the proprietor to pay his son's school fees

Required: Draw Jasho Traders' balance sheet as at 31st January 2022 showing the items in their relevant classes (10 marks)

4. (a) Explain **five** reasons for the popularity of sea transport in Kenya's export trade (10 marks)
- (b) Describe **five** features of economic resources (10 marks)
5. (a) Explain **five** functions of commercial banks (10 marks)
- (b) ABC Ltd is a horticultural company producing flowers. Explain **five** factors that may influence the choice of a channel for distributing its products. (10 marks)
6. (a) Explain **five** functions of an office (10 marks)
- (b) The following transactions relate to TJ Traders for the year ended 31st April 2022

- April**
- 1: Received cash from Christine sh. 150 000, receipt No. 0012
 - 2: Paid rent in cash sh. 16 000.
 - 3: Bought goods for sale and paid by cheque sh. 14000. Receipt No 0134
 - 4: Sold goods in cash sh. 45 000, receipt No. 0013

- 5: Mwai, a debtor, paid in cash 17000. Receipt No 0014
- 6: Bought goods worth sh. 60 000 in cash. Receipt No 0456
- 7: Received a cheque of sh 20,000 in full settlement of a debt of sh. 23000 from Kalunda
Receipt No 0015
- 8: Paid for goods sh. 4,000 cash less 5% cash discount. Receipt No 0432.

Required:

Prepare TJ Traders cash receipt and cash payment journals and record the above transactions
(10 marks)

WEITHAGA
BUSINESS STUDIES MOCK
PAPER ONE 2023
END OF TERM TWO

Answer **all** questions in the space provided.

1. State **four** external factors that may influence the operation of a business negatively. (4marks)
2. Match the following uses with the appropriate office equipment. (4marks)

	Uses	Office equipment
i.	It is a machine that is used for preparing cash receipts	
ii.	It is a machine used for trimming documents in to required shapes and sizes	
iii.	It is a machine that is used for cutting unwanted documents in to tiny pieces to avoid such documents getting into unauthorized people	
iv.	A machine which is used for complex calculations	

3. Mention **four** disadvantages of containerization in transport. (4marks)
4. Outline **four** factors that influence the choice of product in the market. (4marks)
5. State **four** disadvantages of Automated Teller machines (ATM) (4marks)
6. Outline **four** skills that an individual would develop when learning business studies. (4marks)
7. Outline the type of unemployment that has been described by the statements below. (4marks)
 - i) Unemployment that occurs when people lose jobs and go looking for new ones –
 - ii) Unemployment that occurs when people are actively looking for jobs at the existing wage rates but cannot get them –
 - iii) Unemployment that occurs repeatedly at similar times –
 - iv) Unemployment that occurs when demand for labour declines due to either change in the method of production or a decrease in the supply of goods and services –
8. List the **four** levels of inflation. (4marks)
9. State **four** causes of negative shift in demand curve. (4marks)
10. Highlight **four** ways in which the production activities of firms in a country affects the environment. (4mark)
11. State **four** types of complaints that a consumer organization may receive from consumers. (4marks)
12. On 1st January 2020, Njuguna had a capital of shs. 700, cash shs. 200, stock shs. 300, creditors shs. 400 and furnitures of shs. 600. During the month, the following transactions took place;
 - i) Sold stock shs. 100 on credit
 - ii) Paid creditors by cash shs. 200
 - iii) Borrowed a loan of shs. 400 by cheque

Required: Prepare Njuguna's balance sheet after the transactions took place. (4marks)
13. A firm wishes to introduce a new product in to the market. Outline **four** factors that should be considered in choosing an appropriate medium for promotion. (4marks)
14. On 1st October 2021, Wambu bought goods on credit quoted at shs. 240,000. Terms of sales were; 20 % trade discount and 10 % cash discount if payment was made on 29th October 2021. Calculate the amount paid if payment was made on 26th October 2021. (4marks)
15. State **four** negative effects of long chain of distribution to the buyer. (4marks)

16. Highlight **four** ways in which the balance of payment of a country may be improved. (4marks)

17. Given the statements in the table below, indicate the type of entry to be made in the relevant ledger accounts. (4 marks)

	Statement	Type of entry
i.	An increase in revenue	
ii.	A decrease in assets	
iii.	An increase in expense	
iv.	A decrease in liability	

18. State the principle of insurance described in the statements given below (4 marks)

- i) Restoring the insured’s financial position after suffering loss from an insured risk –
- ii) Existence of a very close relationship between the loss suffered and the insured risk –
- iii) The insurer taking ownership of the remains of the destroyed property after the insured is duly compensated –
- iv) Proof that the insured will suffer direct financial loss if property is destroyed-

19. Highlight **four** ways in which entrepreneurs can observe ethics in the management of their business. (4marks)

20. List **four** essentials of an effective communication (4marks)

21. State the relevant books of original entry in to which information extracted from the source documents given below would be recorded. (4marks)

	Source document	Book of original entry
i.	Incoming invoice	
ii.	Outgoing credit note	
iii.	Incoming receipts	
iv.	Incoming credit notes	

22. Highlight **four** problems encountered in measuring national income using the output approach (4marks)

23. Outline **four** characteristics of public goods (4marks)

24. Identify **four** ways in which goods are prepared for sale in a warehouse (4marks)

25. Outline **four** circumstances under which a firm would be located near the market (4marks)

WEITHAGA
FORM FOUR BUSINESS STUDIES MOCK
PAPER TWO 2023
END OF TERM TWO.

Answer any five questions in the space provided.

1. (a) Explain **five** reasons why an effective filing system is important in an office. (10 marks)
 (b) Other than price mechanism, explain **five** other methods of determining price of a product. (10marks)
2. (a) Explain **five** problems faced by a public corporations in Kenya. (10 marks)
 (b) Discuss **five** factors that Murang'a county government may consider before incurring any expenditure. (10marks)
3. (a) Explain **five** characteristics of a life assurance policy (10marks)
- (b) On 1st January 2023, Jane traders shs. 110,000 cash in hand and a bank overdraft of shs. 50,000. During the month, the following transactions took place;
 - 2nd – Cash sales shs 40,000
 - 3rd – Paid postage expense shs 4,100 in cash
 - 5th – Received the following cheques from debtors after they had deducted a cash discount of 2 % in each case. Kamau shs 2,450, Laban shs 9,604 and Tiu shs 2,744
 - 9th – Paid the following creditors in cash and in each case deducted 2 % cash discount. Willy shs 2,000 and Amina shs 6,000
 - 13th – Cash sale directly banked shs 10,000
 - 16th – Took shs 11,000 from the office and deposited it in the business bank account
 - 19th – Sold goods worth shs 15,000 on credit to Juma
 - 21st – Received shs 18,000 cash from Oman in settlement of his account of shs 20,000
 - 26th – Took all cash to the bank leaving shs 4,000 only.**Required:** Prepare a duly balanced three column cash book. (10marks)
4. (a) Describe **five** characteristics of a successful entrepreneur. (10marks)
 (b) Explain clearly **five** tools of monetary policy used by the central bank to control inflation. (10marks)
5. (a) Describe **five** channels of distribution that may be followed when importing manufactured goods (10marks)
 (b) Explain **five** advantages of government involvement in business activities. (10marks)
6. (a) Chuma steel company limited has located its new factory in a major town in Kenya. Explain **five** factors that may have attracted the factory to the town. (10marks)
 (b) The following information was extracted from the books of Praise retail shop for the year ended 31st December, 2022.

Stock (1 st January, 2022)	45,000
Purchases	301,000
Sales	680,000
Returns inwards	35,000
Returns outwards	24,000
Discount received	4,000
Discount allowed	3,500
Insurance	8,000
Office expenses	85,000
Carriage inwards	55,000

Carriage outwards	8,500
Rent received	50,000
Salaries and wages	180,000
Stock (31 st December, 2022)	30,000

Calculate;

- | | |
|-------------------|-----------|
| a) Stock turnover | (1 mark) |
| b) Net purchases | (1 mark) |
| c) Mark – up | (3 marks) |
| d) Margin | (2 marks) |
| e) Net profit | (2 marks) |

IMENTI SOUTH

565/1

BUSINESS STUDIES Paper 1

- Outline **four** factors that affect business activities and which the business has control over. (4 marks)
- Outline **four** reasons why cash payment is preferred to cheque payment. (4 marks)
- Outline **four** challenges that a firm would experience as a result of expansion of the entire industry in which it is found. (4 marks)
- Outline **four** features of economic resources. (4 marks)
- Identify **four** types of insurance policies relevant to a supermarket owner. (4 marks)
- List **four** items that may affect the capital of a business. (4 marks)
- State **four** advantages of using the internet as a means of communication. (4 marks)
- State **four** ways in which the Kenyan currency qualifies as good money. (4 marks)
- List **four** assumptions of the circular flow of income in a two sector closed economy. (4 marks)
- Highlight **four** ways in which business studies may be of benefit to an individual. (4 marks)
- Highlight **four** characteristics of a perfect competitive market. (4 marks)
- The following information relates to Greenland Traders as at 31st December 2018

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

Required: Determine;

 - Gross profit (2 marks)
 - Sales (2 marks)
- The population of the youth in country X is likely to be $\frac{1}{4}$ of the total population in ten years' time. Highlight **four** challenges this country will face at this point in time. (4 marks)
- Highlight **four** ways in which transport is important to a business. (4 marks)
- State **four** circumstances under which a producer would sell his goods directly to the consumer. (4 marks)
- Other than taxes, state **four** sources of public finance in Kenya. (4 marks)
- Chuo industries want to open a warehouse for her products. Give the management some advice on **four** factors it should consider in establishing the warehouse. (4 marks)
- Identify **four** gaps that may create a business opportunity in a market. (4 marks)
- The table below relates to four different businesses, insert the correct values for A, B, C and D. (4 marks)

ASSETS	CAPITAL	LIABILITIES
2,310,642	A	486,932

B	40,385	96,483
941,682	31,685	C
3,104,611	D	395,348

20. State **four** ways in which advertising agencies assist in sales promotion. (4 marks)
21. For each of the following transactions, indicate the account to be debited or credited. (4 marks)

Transaction	A/C Debited	A/C Credited
a) Received discount from Topic suppliers		
b) Allowed discount to shame Traders		
a) Sold furniture to Omari on credit		
b) Took stock worth sh 200 for personal use.		

22. Highlight **four** factors that may cause the demand curve to shift to the right. (4 marks)
23. In the spaces provided, state the source document for each of the subsidiary books given below. (4 marks)

Subsidiary book	Source document
a) Sales journal	
b) Purchases journal	
c) Returns inwards journal	
d) Returns outwards journal	

24. Highlight **four** merits of an open office layout to a business. (4 marks)
25. Outline **four** benefits of a trader joining a SACCOs. (4 marks)

IMENTI SOUTH

565/2

BUSINESS STUDIES PAPER 2

1. a) Bright house is launching a new Bookshop for Schools in Kenya. If you are their marketing manager what **five** factors would you consider when choosing an appropriate media for promoting the bookshop? (10 marks)
- b) Highlight **five** accounting documents used in home trade. (10 marks)
2. a) Muthomi is an importer of assorted goods from different countries. Explain **five** advantages he may enjoy while his goods are stored in a bonded warehouse. (10 marks)
- b) The following is the trial balance of Mutunga Traders as at 31st December, 2001.

	DR	CR
Purchases and sales	700,000	1,600,000
Returns	30,000	40,000
Discounts	50,000	35,000
Capital		862,000
Commission	39,000	25,000
Carriage inwards	28,000	
Carriage outwards	135,000	
Debtors and creditors	400,000	300,000
Salaries	220,000	
Bank	266,000	
Cash	94,000	

Buildings	600,000	
Equipment	200,000	
Stock Jan 1 st Jan 2001		
	<u>2,862,000</u>	<u>2,862,000</u>

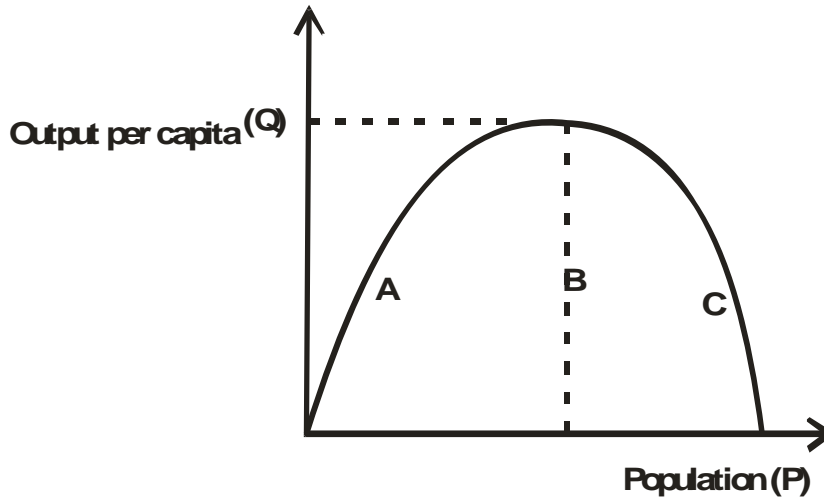
Additional information: Stock December 31st December 2001 Shs 94,000

Required:

- i) Prepare Trading and profit and loss Account
- ii) Balance sheet as at 31st December 2001

(10 marks)

3. a) The graph below represents population and output levels of three countries A, B and C.



- i) State the type of population found in each country.
 Country B _____ (1 mark)
 Country C _____ (1 mark)
- ii) Explain **four** challenges that country C may be facing. (8 marks)
- b) Explain **five** circumstances under which an insurance contract may be terminated. (10 marks)
4. a) Highlight **four** ways in which the economic environment may positively influence the activities of a business. (8 marks)
- b) On 1st July 2021 Digital Traders had shs 36,500 at bank and cash in hand shs 250.
 During the month the following transactions took place.
- July 2:** Cash sales shs 42,630 paid directly to the bank
July 3: Received a cheque for shs 14,100 from mkobi in full settlement of a debt.
July 7: Credit sales shs 15,500 to Otongolo.
July 8: Bought goods for shs 26,240 on credit from Mali mali enterprises.
July 12: Cash sales shs 42,450
July 14: Paid Mwema by cheque shs 23,750 in full settlement of his account after deducting 5% cash discount.
July 15: Paid wages shs 24,000 in cash.
July 16: Withdrew shs 36,000, from the bank for office use.
July 17: Cleared mali mali account of shs 26,240 in cash less 12.5% discount.
July 18: Otongolo cleared her account of shs 15,500 in cash less 11.5% discount.
July 20: Cheque received from mkobi was dishonoured.
July 28: Paid salaries by cheque shs 48,600
July 30: All cash was banked except shs 5,000
- Required:** Prepare a duly balanced three column cash book. (12 marks)
5. a) Explain **five** activities that may be carried out in the process of distributing goods.(10 marks)
 b) Outline **five** internal diseconomies of scale that a firm which grows in size is likely to encounter. (10 marks)
6. a) Explain **five** factors that influence entrepreneurial practices in Kenya. (10 mark)
 b) With the aid of a well labelled diagram, show the effects of increase in supply on equilibrium price and quantity. (10 marks)

GATUNDU SOUTH JOINT EXAM
END OF TERM 2 EXAMINATION 2023
565/1
BUSINESS STUDIES-PAPER 1

1. Highlight **four** importance business studies in society. (4 Marks)
2. Highlight **four** ways in which technical environment may improve business performance. (4 marks)
3. State **four** benefits that consumers get from small scale retailers. (4mks)
4. Outline **four** barriers to written communication. (4mks)
5. Outline **four** roles of business ethics in business operations. (4Marks)
6. The information below was extracted from Tulaga enterprise on 30th Sep 2022

Item	kshs
Purchases	260000
Opening stock	75000
Carriage on purchases	12500
Closing stock	27500

Goods were sold at a mark up of 25%

Using the information given above prepare Tulaga enterprise trading account for the year ended 30th Sep 2022

7. List **four** types of utility and the production activity associated with each of them. (4mks)
8. Highlight **four** features of a public corporation (4 marks)
9. Highlight **four** functions of commercial attaches. (4 Marks)
10. Outline **four** circumstances in which containerization may be used to transport goods. (4 Marks)
11. The following balances were extracted from the books of metrol traders for the year ended 31st may 2022

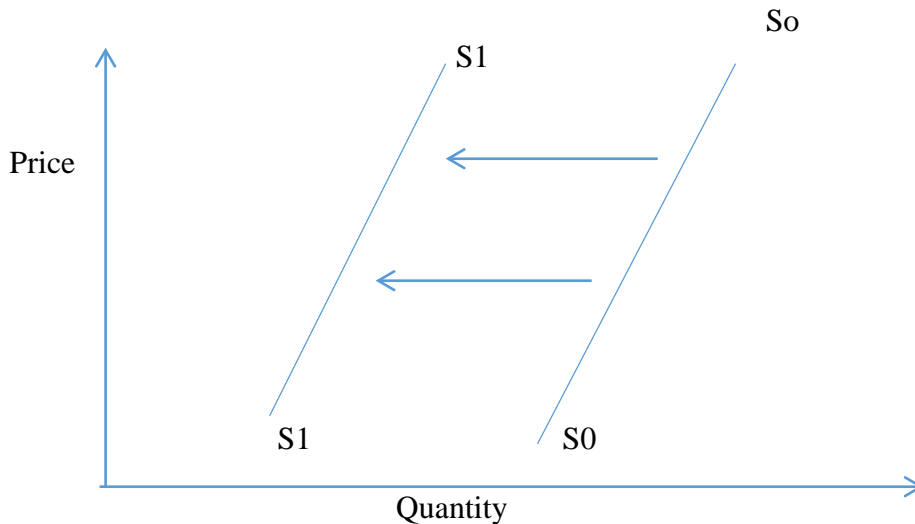
Item	kshs
sales	500000
purchases	270000
Motor van	350000
Equipment	120000
Debtors	100000
Creditors	60000
Drawings	160000
Capital	490000

Prepare trial balance for metrol trader for the year ended 31st may 2022

12. Outline **four** conditions under which a warehouse may be considered to operate efficiently. (4 Marks)
13. Highlight **four** circumstances under which an insurance company may undertake re -insurance (4mks)
14. Outline **four** differences between free samples and free gifts as a method of product promotion. (4mks)

	Free gifts	Free samples
a		
b		
c		
d		

15. State **four** factors that might have led to a shift in supply as shown in the diagram below: (4 marks)



16. Highlight **four** circumstances under which a firm may be located near the market for its product (4 marks)
17. Highlight **four** differences between oligopoly and perfect competition market (4 marks)
18. State **four** expenses that are incurred in the process of distributing goods (4marks)
19. Highlight **four** measures that may be taken by the government to curb unemployment. (4marks)
20. State **four** assumptions of the circular flow of income in a closed economy (4marks)
21. The following transactions relate to Njuguna traders
- 10th July 2021 sold old machine whose book value was Ksh20000 at Ksh 25000 to kimondo traders on credit
 - 15th July 2021 purchased office equipment for ksh 13000 on credit to kilimani traders
- required: prepare a general journal to represent above information 4mks
22. Highlight **four** monetary policies that the government may use to reduce inflation 4mks
23. The following balances were extracted from the books of WANGU traders for the year ended June 2021
- Fixed asset Ksh 300000
 - Current asset Kshs 123700
 - Creditors 84500
 - 3year loan 125000.
- Determine the net worth of the business as at June 2021 (4mks)
24. Outline **four** benefits of trade restrictions to a country (4marks)
25. Highlight **four** purposes of public finance (4mks)

GATUNDU SOUTH JOINT EXAM
FORM 4 END OF TERM II 2023
565/2
BUSINESS STUDIES PAPER 2

- 1 (a) Describe five roles of an office as a center of communication (10 mks)
 (b) Explain five negative effects of rapid population growth. (10mks)
- 2 (a) Explain five factors to consider when choosing a product promotion method. (10mks)
 (b) Explain any five services provided by commercial banks. (10mks)
- 3 (a) Explain **four** documents used in home trade that are prepared by the buyer. (8 mks)
- (b) The following trial balance belongs Gatundu traders as at 30th June 2016

Gatundu Tradres
Trial balance
As at 30th June 2016

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

Required

- i) Prepare a trading profit and loss account and a balance sheet as at 30th June 2016. (12mks)
- 4 (a) Explain **five** factors that may influence a firm's decision on the type of goods or services to produce (10Mks)
 (b) Explain five characteristics of an efficient tax system (10mks)
- 5 (a) Explain five differences between co-operatives and public limited companies. (10 marks)
 (b) Explain any five factors that can lead to an increase in the level of national income (10mks)
- 6 (a) Describe the procedure for obtaining an insurance policy. (10mks)

(b) On 1st September 2012, Juja Enterprises had Sh 55,000 in hand and Sh 250,000 at bank. During the month the following transactions took place:

September	2	Cash sales banked sh 35,260
	2	Bought stationery in cash sh 4,500
	7	Paid Lucy, a creditor sh 94,000 by cheque in full settlement of his account after deducting 6% cash discount.
	10	Received a cheque for sh 58,800 from Njoki after allowing her a cash discount of sh 1,200
	15	Paid electricity Sh 34,000 in cash
	20	Withdrew sh 50,000 from bank for office use
	25	Lupita, a debtor paid her account of sh 75,000 by cheque less 10% cash discount
	28	Deposited all the cash into bank except sh 13,700

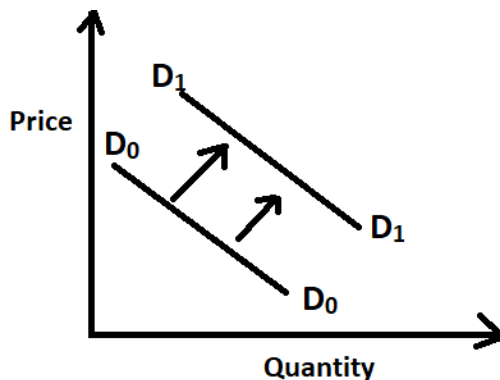
Required: Prepare a three column cash book and balance it off. (10mks)

CEKENAS ONE EXAM-2023

565/1

BUSINESS STUDIES PAPER 1

1. State **four** characteristics of human wants (4marks)
2. Highlight **four** factors in demographic environment that a manufacturer may consider before setting up a business. (4marks)
3. The diagram below shows a shift in demands curve from D_0D_0 to D_1D_1 (4marks)



- Identify **four** factors that have made the demand curve to shift from D_0D_0 to D_1D_1 (4marks)
4. Highlight **four** features of perfect competition market (4marks)
 5. Outline **four** factors that determine the amount of premiums charged in life assurance (4marks)
 6. Outline **four** circumstances in which communication may be ineffective (4marks)
 7. The following balances were extracted from Ybooks of Kambo Traders for Y year ended 31st Dec 2021

Sales	500000
Purchases	320000
Stock 31/12/21	40000
Debtors	140000
Creditors	90000

Calculate;

- (a) Margin (2marks)
- (b) Current ratio (1mark)
- (c) Rate of stock turn over (1mark)
- 8. Outline **four** functions of money (4marks)
- 9. Identify the office equipment described in each in the following statement below. (4marks)

Description	Equipment
Used to make postage stamps impression of the envelopes.	
Used to transmit verbal message	
Used to record and store information in audios	
Used to record and store information in audios tapes	

- 10. Outline **four** ways in which production activities negatively influences human health (4marks)
- 11. Outline **four** benefits that may be realized when two firms merge (4marks)
- 12. Outline **four** ways which developing countries like Kenya may benefit from entrepreneurship (4marks)
- 13. Give the names of source document used to record transactions in to following books if original entry. (4marks)

Book of original entry	Source of document
Purchase returns book	
Cashbook	
Sales journal	
Cash payment journal	

- 14. Outline **four** reasons why a cheque may be dishonoured (4marks)
- 15. State the effects of each of the following transactions on the balance sheet totals by writing increase decrease or No effects in each case (4marks)

TRANSACTIONS	EFFECTS
Bought machinery on credit	
Withdraw cash from the business for personal use	
Purchase stock in cash	
Paid outstanding loan by cheque	

- 16. Outline **four** ways through which consumers may be exploited (4marks)
- 17. Outline **four** negative effects of aging population to an economy (4marks)
- 18. Outline **four** services offered by agency banking (4marks)
- 19. Outline **four** types of business activities that are carried out in Kiambu County (4marks)
- 20. Outline **four** ways which warehousing is useful to a trader (4marks)
- 21. Outline **four** types of cost incurred by intermediaries in the chains of distribution. (4marks)
- 22. Outline **four** essential elements for effective transport to take place (4marks)
- 23. Outline **four** ways in which households contribute to National Income of a country (4marks)
- 24. State **four** unethical practices in product promotion (4marks)
- 25. Highlight **four** features of land as a factor of production (4marks)

CEKENAS ONE EXAM-2023

565/2

BUSINESS STUDIES PAPER 2

1. (a) Explain **five** reasons for which businesses should observe ethical practices in their activities. (10mks)
(b) Discuss **five** ways in which the government can reduce unemployment levels in Kenya (10mks)
2. (a) Explain **five** reasons why government may be involved in business (10mks)
(b) Using a well labelled diagram show the effect of a shift of the demand curve from left to right on the equilibrium price and quantity (10mks)
3. (a) Explain **five** essentials of a good warehouse (10mks)
(b) Explain **five** measures that maybe taken by the central bank of Kenya to increase the amount of money in circulation (10mks)
4. (a) Explain **five** problems encountered in measurement of national income using the output approach (10mks)
(b) Explain **five** roles played by the stock exchange in a securities market (10mks)

5. (a) On 1st January 2021. Gutoria Estate had Ksh95000 in hand and a bank balance of Ksh125000(Cr). During the month the following transactions took place
January 2021: 3rd cash sales Ksh 9000 directly banked
5th, purchased goods worth Ksh 19500 by cash
12th, deposited Ksh 25000 into business bank account from private source
14th, Obura, a debtor settled his account of Ksh 15000 by cash less 5% cash discount
17th paid James Ksh 3900 by cheque in full settlement of his account less 2.5% cash discount
20th, sold goods worth Ksh 13500 to Kim on credit
23rd settled Kamau's account of Ksh 15000 by a cheque of 13500
24th received a cheque of 28800 from Lee having allowed cash discount of 4%
27th paid salaries by cheque 36000
30th Lees cheque was dishonored
31st banked all cash
- Prepare a duly balanced three column cash book (10mks)
- (b) Explain **five** factors that one should consider when choosing office equipment (10mks)
6. (a) The following trial balance has extracted from the books of Faida traders as at 31/12/2020.

Faida traders
Trial balance
As at 31/12/2020

	Dr	Cr
	Ksh	Ksh
Purchase	420,000	
Sales		85,500
Sales returns	12,000	
Purchase returns		20,000
Creditors		100,000
Debtors	6,300	
Bank overdraft		65,000
Motor vehicle	480,000	
Cash in hand	65,000	
Furniture	190,000	
Carriage inwards	14,000	
Stock on 1 st Dec 2020	280,000	
Capital		626,250
Drawings	88,000	
Telephone	6,400	
Insurance	8,200	
Postage	3,850	
Rent	19,600	
Discount	7,300	4,000
Advertising	12,900	
TOTALS	<u>1,670,250</u>	<u>1,670,250</u>

Additional information:

Stocks as at 31st Dec 2020 was valued at Ksh 60,000

Required

- i) Prepare Faida traders trading, profit and loss account for the month of December 2020 (6mks)
- ii) A balanced sheet as at 31st December 2020 (4mks)
- b) Outline **five** features of hypermarket (10mks)

LUGARI CONSTITUENCY EXAMINATION**565/1****BUSINESS STUDIES****JULY 2023**

1. State four disciplines associated with business studies. (4 marks)
2. State four characteristics of an effective warehouse. (4 marks)
3. The inflation rate in county moved from 6.1% to 7.6%. State four positive outcomes of this change (4 marks)
4. Outline four internal environment factors that may positively influence the operations of a business. (4marks)
5. Give four reasons for the popularity of mpesa as a means of payment in Kenya. (4marks)
6. Give four differences between a public limited company and a public corporation. (4marks)
7. Other than the use computers in an office, mention four recent trends in office management. (4 marks)
8. State any four principles that govern the operations of co-operative societies in Kenya. (4 marks)
9. The table below represents quantity of commodity X demanded by consumer **A and B**.

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

State four possible reasons why B demands more of commodity X at every price than A

(4 marks)

10. Outline four ways in which a good business structure is of benefit to a business organization (4 marks)
11. Outline four factors that determine the amount of money that an individual may hold in order to meet unexpected expenses (4 marks)
12. State four reasons why the government is involved in business activities. (4 marks)
13. Mention four circumstances under which an entrepreneur may establish his/her business where other businesses already exist (4 marks)
14. State four benefits of advertising to a consumer. (4 marks)
15. Highlight four measures that a government may take to correct a balance of payment deficit in the county (4 marks)

16 . Given below is a cash book extract from the books of accounts of Patel Enterprises.

Date	Details	F	DA	Cash	Bank	Date	Details	F	DR	Cash	Bank
2009						2009					
1/12	Balance	b/d		1500	90000	14/12	Bank	c		30000	
2/12	Rono		2000	36000		20/12	Equipment				80000
14/12	Cash	c			30000	30/12	Drawings			70000	

In relation to the entries appearing in the cash book extract state the transactions that took place at each of the following dates.

- a) 2nd Dec 2009.....
- b) 14th Dec 2009.....
- c) 20th Dec 2009.....
- d) 30th Dec 2009.....

17. Outline four ways in which the nature of a product influences the choice of distribution channel. (4 marks)

18. Mention four circumstances under which a retailer may return goods to a wholesaler. (4 marks)

19. **State** the characteristic of human want that match the descriptions given below. (4 marks)

- a) Satisfaction of one want automatically leads to creation of another.....
- b) Some human wants are experienced by all human beings
- c) Human wants can not be fully satisfied.
- d) After some wants are satisfied they recur.

20. The following balances were obtained from the books of sunset traders as at 30th June, 2004.

Stock 1 st July 2003	45,000
Purchases	159,000
Sales	235,000
Stock 30/June/2014	33,000
Capital	75,000
Return outwards	3,000
Operating expenses	13,000

Calculate:

- i) Stock turnover rate. (2 marks)
- ii) Return on capital. (2 marks)

21. Highlight four reasons why the Kenya government encourages entrepreneurship in the country. (4 marks)

22. Distinguish the following types of goods as used in production.

- i) Producer goods and consumer goods. (2 marks)
- ii) Intermediate goods and finished goods. (2 marks)

23. Listed below are a set of transactions. In each case state whether the transaction will increase, decrease or have no effect on capital. (4marks)

Transaction	Effect
a) Additional cash invested by the owner.	
b) Receiving cash from a debtor	
c) Bought goods on credit	

d) Owner takes some stock for own use	
---------------------------------------	--

24. Mention four benefits that may be enjoyed in a country that is experiencing over- population (4 marks)
25. Identify the source documents used to record the following transactions in the books of original entry. (4mks)

Transaction	Source document
a) Credit purchases	
b) Sales returns	
c) Cash sales	
d) Cash purchases	

LUGARI CONSTITUENCY JET EXAMINATION
565/2 BUSINESS STUDIES
JUNE 2023- 2 HRS 30 MINUTES

1. a) Explain five money transfer facilities offered by commercial bank to its customers. (10mks)
- b) Explain five principles of public expenditure. (10mks)
2. a) Explain five advantages that may accrue to a country that engages in international trade. (10mks)
- b) Explain five factors that are likely to lead to high birth rate in Kenya. (10mks)
3. a) By the aid of a diagram, explain excess demand and excess supply (10mks).
- b) Discuss any five circumstances under which an insured may not be compensated in the event of a loss. (10mks)
4. a) Highlight five factors that may contribute to demand pull inflation. (10mks)
- b) On March 1st 2017, Martha had cash in hand sh 87,000 and cash at bank sh 250,000. During the month, the following transactions took place.
 - March 2: Cash sales sh 60,0000
 - 3: Paid salaries sh 101,500 by cheques
 - 7: Received a cheque of sh 76,000 from Henry, after allowing him cash discount of 5%
 - 13: Bought office furniture by cheque shs 86,000
 - 17: Settled Maria's account for shs 34,200 in cash having deducted shs 800 cash discount
 - 20: Received a cheque for shs 165,000 in respect of cash sales
 - 22: Paid wages shs 25,000 in cash.
 - 24: Withdrew shs 32,000 from the bank for office use.
 - 25: Withdrew shs 4,000 cash for personal use.
 - 29: Received shs 17,000 cash from Alvin in settlement of his account less shs 1,000 cash discount
 - 31: Deposited all the cash into the bank except shs 24,000
 Prepare three column cash book duly balanced (10mks)
5. a) Explain five benefits of filing office documents to an organization (10mks)
- b) A trader want to place an order to his supplier. Explain five factors that he should consider before choosing the appropriate mean of communication. (10mks)

6. a) Describe four sources of monopoly power in an economy
 b) The following trial balance was extracted from the Ledgers of Ashley's electronics business on 31st December 2020.

(8 marks)

Ashley's Electronics**Trial Balance****As at 31st December 2020**

TITLE OF ACCOUNT	DEBIT (Dr) SHS.	CREDIT (Cr) SHS.
Gross Profit		177,000
Equipment	90,000	
Motor vehicle	250,000	
Electricity	12,000	
Carriage out	3,300	
Rent	50,000	
Discount	8,000	10,700
Salaries	12,900	
Commission		5,000
Insurance	15,000	
Cash at bank	100,000	
Debtors	36,000	
ABC Bank loan		100,000
Capital		250,000
Creditors		34,500
TOTAL	577,200	577,200

Stock on 1st January 2020 was valued at shs. 77,000.

Prepare:

- i) Profit and Loss account for the year ended 30th April 2020. (6 marks)
 ii) A balance sheet as a 30th April 2020. (4 marks)
 iii) Calculate, (2marks)
 (a) Working capital
 (b) Capital Employed

SUKELLEMO PREMOCK TERM 1
565/2
BUSINESS STUDIES PAPER 2

1. (a) Explain five factors that may promote entrepreneurship in Kenya. (10 marks)
- (b) Explain 5 services that commercial banks offer to their customers. (10 marks)
2. (a) On 1st September 2018. Kwale traders had the following balances.
 Cash sh. 55 000
 Bank sh. 250.000(CR)

During the month, the following transactions took place

September 2 nd	cash sales banked sh. 535,260
3 rd	Bought ribbons in cash sh. 4,500
8 th	Paid Nyongesa, a creditor sh. 94,000 by cheque in full settlement of his account after deducting 6% cash discount.
12 th	Received a cheque for sh. 58,800 from Winnie after allowing her cash discount of sh. 1,200
14 th	Purchased goods worth sh. 10,000 on credit from Thika Traders.
15 th	Paid salaries sh. 34.000 in cash.
25 th	Withdrew sh. 50,000 from bank for office use.
28 th	Anyango, a debtor. Paid her account of sh. 75,000 by cheque less 10% cash discount.
30 th	Deposited all the cash into the bank except sh. 13,700

Required: Prepare a **three** column cashbook as at 30th September, 2018. (10 marks)

- (b) Explain five factors to consider when choosing office equipment. (10marks)
3. (a) Explain five measures that the government of Kenya has put in place to protect consumers from unscrupulous business practices. (10mks)
- (b) Describe **five** types of unemployment to an economy and give cause of each. (10marks)
4. (a) Explain **five** channels of distribution that a trader may use to import goods. (10mks)
- (b) Explain five factors that influence the choice of an appropriate means of transport (10mks)
5. (a) Using a well labelled diagrams, distinguish between movement along the supply curve and a shift in the supply curve. (10mks)
- (b) Explain five services offered by wholesalers to the retailers. (10mks)
6. (a) Explain 5 disadvantages that a country may suffer out of international trade. (10mks)

(b) The following information relates to Kabarnet Traders.

Details	Sh
Stock 1 st January 2017	430,000
Purchases	930,000
Sales	1,155,000
Carriage outwards	25,000
Carriage inwards	10,000
Return outwards	20,000
Return inwards	30,000
General expenses	100,000
Insurance	25,000
Rent received	15,000
Stock 31 st December 2017	470,000

Calculate

- (i) Turnover (1 mark)
- (ii) Rate of stock turnover (3 marks)
- (iii) Mark up (2 marks)
- (iv) Margin (2 marks)
- (v) Net profit (2 marks)

MURANG'A SOUTH**565/1****BUSINESS STUDIES PAPER 1**

1. State the term given to each of the following disciplines. (4 marks)
- Study of how man strives to satisfy his unlimited wants using the limited resources.

 - Study of trade and aids to trade. _____
 - Study of the activities that are carried out in an office. _____
 - Study of the process of identifying a business opportunity and acquiring resources to start and run a business. _____
2. Outline four principles of insurance. (4 marks)
3. The following are terms used in international trade; Loco Price, Free on Rail (F.O.R), Franco, Free on Board (F.O.B). Match each term with the appropriate description. (4 marks)

	Description	Term
a	Price quoted covers the goods as they are in the seller's premises.	
b	Price quoted covers goods up to when they are in the ship.	
c	Price quoted covers the cost of goods and any other expenses up to the buyer's premises.	
d	Price quoted covers goods until they are loaded on rail.	

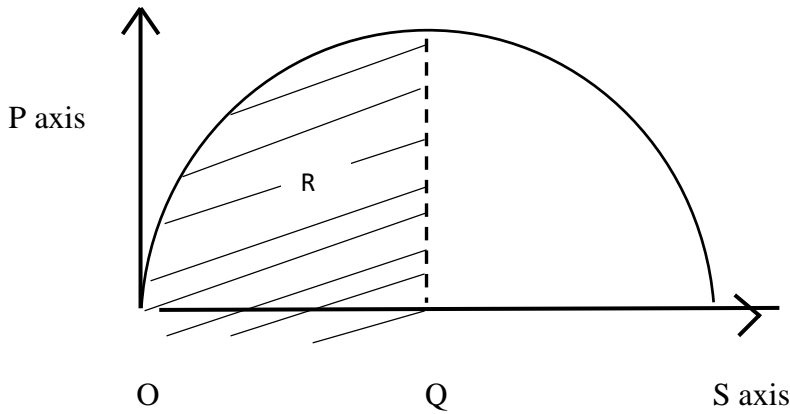
4. State four accounts to which changes in stock may be recorded. (4 marks)
5. State four reasons why banks prefer open plan offices. (4 marks)
6. Outline four factors that may make a producer to by-pass the wholesaler when distributing goods. (4 marks)
7. State four reasons for consumer protection. (4 marks)
8. The following information relates to Karibu traders for the year ended 31st December, 2020.

Details	Kshs
Fixed Assets	1,840,000
Current Assets	400,000
6 year bank loan	600,000
Current Liabilities	150,000

- Determine owner's capital using the above information. (4 marks)
9. State four uses of a general journal. (4 marks)
10. State the level of production involved in each of the following occupations.

	Occupation	Level of production
a	Road building	
b	Farming	
c	Teaching	
d	Food processing	

11. The diagram below represents the relationship between population and income per capita.



State what is represented by P and S (axes) and Letter R and Q. (4 marks)

- a) P axis _____
- b) S axis _____
- c) R _____
- d) Q _____

12. Highlight the unit of carriage associated with the following means of transport. (4 marks)

- Pipeline transport _____
- Human portorage _____
- Water transport _____
- Cartage transport _____

13. State four limitations of national income statistics as a measure of the standards of living. (4 marks)

14. Outline four merits of indirect tax. (4 marks)

15. State four difficulties faced in the satisfaction of human wants. (4 marks)

16. Highlight four benefits to a business that uses E-mail in communication. (4 marks)

17. Highlight four uses of a business plan to a business man. (4 marks)

18. Highlight four ways in which a firm may differentiate its products from those of its competitors. (4 marks)

19. Outline four qualities of a successful salesperson. (4 marks)

20. The following information relates to the business of Watamu Enterprises.

Opening stock Ksh 28,000
 Closing stock Ksh 42,000
 Rate of stock turn over 4 times
 Mark – up 25%

From the above information, determine

- (i) Cost of goods sold. (2 marks)
- (ii) The gross profit. (2 marks)

21. Outline four benefits to a business that uses its own warehouse. (4 marks)

22. The table below shows the demand and supply of shoes in a certain region. Use it to answer the questions that follow.

Price in Ksh	Quantity demanded	Quantity supplied
500	1200	602
650	900	780
730	850	850
820	700	905
940	620	1600

- i) Determine the total excess supply. (1 mark)
 ii) Determine the total excess demand. (1 mark)
 iii) Determine the equilibrium price. (1 mark)
 iv) Determine the equilibrium quantity. (1 mark)
23. Highlight four economic factors that affect the consumers' buying abilities and preferences. (4 marks)
24. State four reasons that may make a firm locate close to source of raw materials. (4 marks)
25. Mention four services that wholesalers offer to retailers. (4 marks)

MURANG'A SOUTH

565/2 – BUSINESS STUDIES – PAPER 2

AUGUST 2023

- 1 (a) Explain five characteristics of money. (10 marks)
 (b) There has been a decline in the demand for wooden furniture. Explain five factors that may have caused this trend. (10 marks)
- 2 (a) Explain the procedure of making an insurance claim. (10 marks)
 (b) Explain five measures that a country may take to reduce unemployment. (10 marks)
- 3 (a) The following trial balance was extracted from the books of Kibe Limited on 31st December 2016.

Details	Dr	Cr
Capital		800,000
Opening stock	200,000	
Purchases	680,000	
Returns	50,000	80,000
Discount	80,000	45,000
Carriage inwards	42,000	
Debtors and creditors	200,000	105,000
Sales		1,200,000
Motor vehicles	750,000	
Furniture and fittings	250,000	
Rent	50,000	
Bank overdraft		60,000
Carriage outwards	30,000	

Additional information: closing stock was valued at Ksh 80,000

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

- (b) Explain five importance of filing documents in an office. (10 marks)

- 4 (a) Explain five negative effects of inflation on the economy of a country. (10 marks)
 (b) Julian runs a factory and has employed fifty workers. Explain five reasons why it would be beneficial to assign each worker a specific job in production. (10 marks)
- 5 (a) Explain five principles of co-operative societies. (10 marks)
 (b) Kenya is looking forward to the realization of vision 2030. Explain five problems that may be encountered during implementation. (10 marks)
- 6 (a) Explain five benefits of a business to the society. (10 marks)
 (b) On 1st March 2021, Omino had shs 40,000 in hand and shs 120,000 at bank. During the month, the following transactions took place:
- March 2: paid rent shs 20,000 by cheque.
 - March 4: cash sales banked shs 42,000.
 - March 5: Kimani a debtor settled his account of shs 12,000 in cash less 5% cash discount.
 - March 7: Paid wages shs 8,000 in cash.
 - March 12: Withdrew shs 10,000 from bank for office use.
 - March 18: Paid Borabu, a creditor shs 48,000 in full settlement of his account after deducting 4% cash discount.
 - March 23: Received a cheque for shs 19,000 from Salome after allowing her a cash discount of shs 1000.
 - March 31: Deposited all the cash into the bank except shs 15,000.

Required: Prepare a three column cash book and balance it off. (10 marks)

**MURANG'A EXTRA COUNTY SCHOOLS (MECS) CLUSTER EXAMINATION
 BUSINESS STUDIES PAPER 1
 565/1**

1. State four banking services offered by Central Bank of Kenya to the Kenyan Government. (4mks)
2. State the term used to describe each of the following disciplines. (4mks)
- i) Study of the process of identifying and acquiring necessary resources to start and operate a business
 - ii) Study of how human beings strive to satisfy their endless wants using the scarce resources.
 - iii) Study of trade and aids to trade.
 - iv) Study of the systematic way of recording business activities and using the records for decision making
3. For each of the following types of accounts, state in the spaces provided whether you debit (Dr.) or credit (Cr.) increase or decrease in the account. (3mks)

Type of account	To increase	To decrease
i) Asset		
ii) Capital		
iii) Liability		

4. Outline four benefits of using social media such as Whatsapp groups for office communication. (4mks)
5. The following balances were extracted from the books of Ufanisi enterprises on 31st December 2022.
- | | |
|----------------|-----------|
| Fixed asset | 3,000,000 |
| Current assets | 500,000 |
| Creditors | 700,000 |

4-year loan 1,500,000

- Calculate the net worth of the above business as at 31st Dec 2022. (4mks)
6. Highlight four features of direct production (4mks)
 7. State four reasons for observing ethical practices in product promotion. (4mks)
 8. Outline four reasons why human beings make choices when satisfying their wants. (4mks)
 9. State four disadvantages of concentrating industries in one area within a country. (4mks)
 10. Highlight four external business environment that may positively affect the operations of a business. (4mks)
11. Ahadi Ltd had the following book balances as at 31st December 2022

Shs

Sales	500,000	
Stock 1/1/2022	20,000	
Returns inwards	5,000	
Purchases	300,000	
Stock 31/12/2022	40,000	
Returns outwards	10,000	

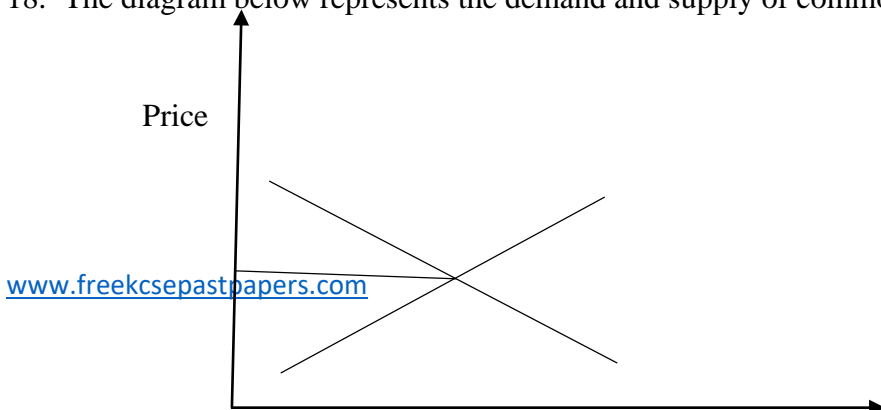
Prepare Ahadi Ltd Trading Account for the year ended 31st December 2022. (5mks)

12. Outline four circumstances under which a trader may prefer to start a small firm. (4mks)
13. State four errors which may affect the agreement of a trial balance totals. (4mks)
14. Highlight four features of a bonded warehouse. (4mks)
15. State the reward for each of the following factors of production. (4mks)

Factors of production	Reward
i) Land	
ii) Capital	
iii) Entrepreneurship	
iv) Labour	

16. Outline four negative effects of an ageing population in a developing country (4mks)
17. Highlight four ways in which a government participate in business activities. (4mks)

18. The diagram below represents the demand and supply of commodity x.



P



Q

Quantity demanded & supplied

State four possible consequences of selling commodity x at price higher than the equilibrium price P.

(4mks)

19. State four features of an insurable interest.

(4mks)

20. Identify the source document from which the information given below would be obtained from.

(4mks)

Information	Source Document
i) Money received from a debtor	
ii) Credit purchases	
iii) Increasing amount a debtor is required to pay	
iv) Credit sales	

21. Highlight four characteristics of an entrepreneur.

(4mks)

22. Outline four ways through which firms contribute to national income of a country.

(4mks)

23. State the meaning of the following terms as used in Business.

(4mks)

- a) Mergers
- b) Holding companies
- c) Franchising
- d) Cartel

24. State four ways the central bank of a country may use to reduce money in circulation within a country.

(4mks)

25. The information below relates to R.S LTD

	sh
Sales	20,000
Cost of sales	15,000
Average stock	6,000
Expenses 10% of sales	

Calculate

- i) Gross profit markup (1mk)
- ii) Gross profit margin (1mk)
- iii) Rate of stock turn over (1mk)
- iv) Net profit (1mk)

MURANG'A EXTRA COUNTY SCHOOLS (MECS) CLUSTER EXAMINATION

BUSINESS STUDIES PAPER 2- 565/2

1. (a) Explain five reasons why people prefer to start a partnership business.

(10 marks)

(b) Explain the importance of business studies to the society.

(10 marks)

2. (a) Illustrate using a diagram the circular flow of income in a two-sector economy and give three assumptions

(10 marks)

- (b) Explain five distinguishing features between a current account and a savings account (10 marks)
3. (a) Explain five reasons why hypermarkets are becoming popular in Kenya today (10 marks)
- (b) On 1st May, 2020, Kihenjo Limited had cash in hand sh. 178,000 and a bank overdraft of sh. 23,400. During the month, the following transactions took place.

2020

- May 3: Cash sales sh. 16,500 paid direct to the bank
- 4: Bought goods for sh. 15,000 and paid by cheque
- 6: Cash sales sh.50, 000
- 9: Received a cheque sh. 76,500 from Mwikali
- 12: Bought goods sh.10, 000 on credit from Juma
- 13: Paid insurance premium sh.16, 000 in cash
- 14: Paid Otieno by cheque sh. 9, 700 in full settlement of his account having deducted a 3% cash discount
- 16: The owner took sh. 1,000 cash from the business to pay hospital bill for spouse
- 20: Withdrew sh. 30, 000 for office use.
- 23: Received a cheque of sh. 23, 750 from Kim in full settlement of his account less 5% cash discount
- 25: Paid wages of shs. 20, 000 cash
- 26: The cheque received from Kim was dishonoured
- 30: Banked all the cash except sh. 3, 000

Required: A duly balanced three-column cash book (10 marks)

4. (a) Describe five channels that can be used when exporting Agricultural products. (10 marks)
- (b) Explain any five circumstances under which a business may prefer open office layout (10 marks)
5. (a) Describe the procedure of making an insurance claim. (10 marks)
- (b) Kenya has been experiencing a challenge of unemployment. Explain five measures that the government has taken in her effort to curb the unemployment problem. (10 marks)
6. (a) Ouma is a businessman who is intending to increase his volume of sales through promoting his products. State and explain any four factors that he must put into consideration before deciding on the method that he should use. (8 marks)
- (b) The following trial balance relates to Uchumi Traders as at 31st December, 2022.

Uchumi Traders
Trial Balance
As at 31st December, 2022

Particulars	Dr. (Shs)	Cr. (Shs)
Stock on 1 st Jan. 2022	60,000	
Purchases and Sales	400, 000	580, 000
Returns	20, 000	50,000
Debtors and creditors	65, 000	40,000
Premises	540, 000	
Machinery	200, 000	
Fixtures and fittings	100, 000	
Carriage outwards	8,000	
Wages and salaries	30,000	
Discounts	25,000	32, 000
Commissions	16, 000	14, 000

Cash in hand	70,000	818, 000
Capital		
	1, 534,000	1,534,000

Additional Information: Closing stock was valued at sh. 70, 000

Required:

- (i) Trading profit and loss account for the period ended 31st December, 2022 (8 marks)
- (ii) Balance sheet as at 31st December, 2022 (4 marks)

BOKAKE FORM FOUR CLUSTER EVALUATION TERM II, 2023

565/1

BUSINESS STUDIES PAPER 1**JULY/AUGUST 2023**

1. List four characteristics of an entrepreneur. (4 marks)
2. Outline four circumstances when a company can be dissolved. (4 marks)
3. Classify using a tick (✓) whether the following resources are natural, manmade or human. (4 marks)

Resource	Natural	Man made	Human
a. Teacher			
b. Oil deposits			
c. Coral reef			
d. A building			

4. The following balances were extracted from the books of Mbolea Merchants as at 31st August 2021.

Cash.	Sh. 17,000
Bank.	Sh. 53,000
Sales.	Sh.200, 000
Purchases.	Sh. 120,000
Salary and wages	sh. 80,000
Bank overdraft	sh. 20,000
Creditors	Sh. 35,000

Prepare a trial balance as at 31st August 2021. (5 marks)

5. Mention four characteristics of land as a factor of production. (4 marks)
6. State the wholesaler described below. (4 marks)
 - a. A wholesaler who deal with beans, maize, millet and sorghum
 - b. A wholesaler who sell goods in Nyeri, Muranga and Kiambu
 - c. A wholesaler who buy cabbages in Kinangop and sell them to other wholesalers and retailers in Nairobi.....
 - d. A Wholesaler who sell baby clothes only
7. State four factors that may lead to a decrease in demand for jackets. (4 marks)
8. Highlight four features of itinerant traders. (4 marks)
9. State four types of advertising. (4 marks)
10. Outline four causes of a business failure. (4 marks)
11. Give four limitations of a trial balance. (4 marks)
12. State four accounts used to record movement of stock. (4 marks)
13. Highlight four reasons why a bonded warehouse is important to the government. (4 marks)
14. State four characteristics of direct production. (4 marks)
15. Highlight four types of unemployment. (4 marks)
16. State three ways in which government regulates businesses. (3 marks)
17. Matatus are very popular in Kenya today. State four advantages of matatus. (4 marks)
18. List four essentials of effective communication. (4 marks)
19. Highlight four characteristics of life assurance policy. (4 marks)
20. Outline the first four steps followed during personal selling. (4 marks)
21. State four types of business activities. (4 marks)
22. State four characteristics of goods. (4 marks)
23. List four uses of a general journal. (4 marks)
24. State four types of product markets. (4 marks)
25. Highlight four channels for distributing locally manufactured goods. (4 marks)

BOKAKE FORM FOUR CLUSTER EVALUATION TERM II, 2023

565/2

BUSINESS STUDIES PAPER 2**JULY/AUGUST 2023**

1. a) Explain five negative effects of inflation. (10 marks)
b) Explain five factors that limit effective communication in a business. (10 marks)
2. a) Explain five factors that may be considered morally right when carrying out business. (10 marks)
b) Explain five challenges that may face a firm due to its expansion. (10 marks)
3. a) Explain five types of indirect taxes that are levied in Kenya. (10 marks)
b) The following transactions relate to Koko Traders for the month of May 2021:
 May 2: Sold goods on credit to Chui shs.12,000 and Jane shs.16,000
 May 8: Bought goods on credit from Shah Traders shs.40,000
 May 12: Chui returned goods worth shs.2,000
 May 15: Purchased goods on credit from Koki sh.34,000 and Peter shs.31,050
 May 20: Goods worth sh.6,000 were returned to Shah traders and goods worth sh. 3,000 to Koki
 May 23: Goods sold on credit to Chui sh.8,000, Tom sh. 11,000 and Joseph shs.13,000
 May 25: Bought goods on credit from Koki shs.17,000 and Shah Traders shs.25,000.
 May 27: Goods returned by Boyo shs.2,000
 May 30: Purchased a motor car on credit worth sh.500,000 from KVM
Prepare the relevant journals and balance them off. (10 marks)
4. a) Explain five benefits advertising to the business. (10 marks)
b) Explain five external business environment that may positively affect the operation of the business. (10 marks)
5. a) Explain five advantages of privatization of state corporations. (10 marks)
b) Explain five positive implications of a country whose population is mainly dominated by the youthful population. (10 marks)
6. a) The following Trial Balance was extracted from the books of Kamau Traders as at 31st December 2020.

Details	<u>Dr (sh)</u>	<u>Cr (sh)</u>
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 31.12.2020. (6 marks)
 - (ii) Balance sheet as at 31.12.2020. (4 marks)
- b) Labour is one of the basic factors of production. Outline five measures that a business can take to increase the productivity of its labour force. (10 marks)

**BUURI PRE-KCSE BELT 2 JOINT EXAMINATION
FORM 4 , TERM 2, 2023
565/1
BUSINESS STUDIES PAPER 1**

1. State **four** advantages of an open office plan. (4mks)
2. The following information relates to Sifa Traders for the year ended 31st March 2022

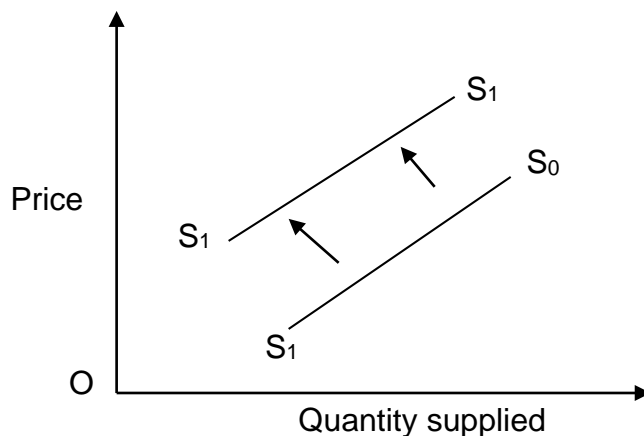
	Shs.
Drawings	20,000
Cost of sales	150,000
Average mark up	40%
Expenses	20,000

The capital as at 31st March 2022 was shs. 189,000. determine the capital as at 1st April 2021 (4mk)

3. Apart from government borrowing, outline **four** other sources of government revenue. (4mks)
4. Give **four** reasons that make insurance companies decline to insure acts of nature. (4mks)
5. State **four** measures that Kenya government may take to attract firms to an area. (4mks)
6. Outline **four** factors to be considered when choosing a channel of distribution. (4mks)
7. Give **four** merits of a current bank account. (4mks)
8. Using the accounting equation, fill in the missing figures in the following table. (4mks)

	LIABILITIES (SHS)	ASSETS (SHS)	CAPITAL (SHS)
(a)	45,820		28,700
(b)	43,737	211,000	
(c)	348,170		170,340
(d)		148,390	108,930

9. Identify any **four** barriers to international trade that are imposed by governments. (4mks)
10. Highlight **four** advantages of government involvement in business activities. (4mks)
11. 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. (4mks)
12. Give **four** basic characteristics of a business idea. (4mks)
 13. Outline **four** disadvantages of personal selling. (4mks)

14. From the following list of items, classify them to their internal or external business environment by ticking (✓) (4mks)

	Item	Internal	External
(i)	Invested funds		
(ii)	Technology applied		
(iii)	Employees		
(iv)	Cultural factors		
(v)	Tools		
(vi)	Entrepreneur		
(vii)	Government laws and regulation		
(viii)	Inflation		

15. The following incorrectly prepared trial balance belongs to Janai Traders as at 30th October 2022. Prepare a correct one. (4mks]

	Dr (sh)	Cr (sh)
Capital	149,400	
Debtors		45,300
Insurance	2,000	
Fixtures	48,000	
Stock (30/10/22)	6,000	
Premises		160,000
Creditors	21,900	
ICDC Loan		90,000
	<u>227,300</u>	<u>295,300</u>

16. The table below shows the age distribution of a country.

Age	Percentage %
0 – 15	51
16 – 55	23
56 and above	21

State **four** negative economic implications of this age distribution to a country. (4mks)

17. The following features relate to warehousing. Indicate the most suitable type of warehouse described. (4mks)

- Used to store locally produced goods until excise duty is paid.
- Mostly situated in entry points and are available at a fee.
- Warehouse used to store non-dutiable goods originating from within or outside the country.....
- Warehouse designed to suit one's particular needs.

18. Highlight **four** advantages a sellers have by changing from counter service to self-service for customers. (4mks)

19. Outline **four** current trends in the transport sector in Kenya. (4mks)

20. The Onchonga Traders had the following information for the year ended 31st December 2022.

Shs.

Prepaid insurance	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 2022. (4mks)

21. Highlight **four** measures consumers may take to satisfy their unlimited wants using limited resources. (4mks)
22. State **four** factors that could hasten economic development in a country. (4mks)
23. Give **four** reasons why a high rate of inflation is undesirable to a country. (4mks)
24. State **four** benefits of indirect production to a country. (4mks)
25. Name any **three** statistics associated with measurement of national income. (4mks)

**BUURI PRE-KCSE BELT 2 JOINT EXAMINATION
FORM 4 , TERM 2, 2023**

565/2

BUSINESS STUDIES PAPER 2

JULY 2023

- 1 a) State and explain **four** measures the central bank can use to reduce money supply in the economy. (10mks)
- b) The following trial balance was extracted from the books of Wakwetu Traders on 31st December, 2022.

**Wakwetu Traders
Trial Balance**

	Dr	Cr
Sales		720,000
Purchases	340,000	
Returns	20,000	18,000
Rent	16,000	
Advertising	24,000	
Commission		9,000
Debtors	54,000	
Creditors		64,000
Stock (1/1/2012)	60,000	
Insurance	30,000	
Drawings	40,000	
Furniture/Fittings	100,000	
Cash in hand	15,000	
Premises	400,000	
Capital		288,000
	1,099,000	1,099,000

Additional Information

- i) Stock as at 31st December 2022, sh.52,000.
- ii) Rent accrued sh.6,000
- iii) Insurance paid in advance sh.4,000
- iv) Commission due sh.5,000

Required:

- i) Prepare trading, profit and loss account for the year ended 31st December 2022.
- ii) Calculate:
- i) Gross profit margin.
- ii) The rate of stock turnover. (12mks)

- 2 a) Advise the Minister for Trade and Industry why Kenya should be a member of the East African Community (E.A.C.). (10mks)
- b) Highlight any **five** distinguishing characteristics between a public Ltd Company and a public Corporation. (10mks)
- 3 a) Explain five benefits that accrue to a customer who buy goods in a supermarket. (10 marks)
- b) On July 2012, Odongo Traders had cash in hand sh 3,500 and cash at bank shs. 140,000. The following transactions took place during the month
- July 2: Cash sales sh 42, 000 was paid direct into the bank.
- July 3; Received a cheque of sh 15000 from Kariuki in full settlement of his debt.
- July 8: Bought goods by cheque sh 26000.
- July 13; Paid Wanjiku by cheque sh 24000 after deducting 5% cash discount.
- July 17; Withdrew sh. 40,000 from bank for office use.
- July 22; Bought office furniture by cheque sh. 50,000
- July 27; Received a cheque for sh 9000 from Waweru after deducting a 5% cash discount.
- July 28 sold goods on credit for sh.4000
- July 30; Banked all the money except sh. 7000
- Required: Prepare a Three-column cash book and balance it off. (10mks)
- 4 a) Explain five factors that contribute to high birth rates in developing countries. (10marks)
- b) Explain five money transfer facilities offered by commercial banks. (10marks)
- 5 a) The use of **motor cycle** transport is becoming very popular in both rural and urban areas of Kenya. Explain the limitations a business that relies on its use is likely to encounter. (10mks)
- b) Explain **five** factors that would influence a firm to venture into producing new products. (10mks)
- 6 a) Explain **five** reasons why savings and credit co-operative societies are becoming popular among Kenyan employees. (10mks)
- b) Explain **five** principles of an efficient tax system. (10mks)

KIGUMO MOCK CLUSTER
FORM 4 TERM 2 2023 EVALUATION
565/1
BUSINESS STUDIES PAPER 1

1. State **four** features of land as a factor of production other than being geographically immobile. (4 marks)
2. Kenya is likely to experience an upward trend in the price of petrol as a result of tax measures put in place by the government. State **four** steps the government can be taken to minimize expenditure on petrol. (4 marks)
3. A manufacturing firm has been releasing toxic wastes in to the neighbourhood. Outline **four** measures that you can take to stop the firm from practicing this vice. (4 marks)
4. The following table represents information related to three businesses namely Kega, Keru and Komu. (3 marks)

Business	Assets	Capital	Liabilities
i) kega	853,000	A	217,000
ii) Keru	B	650,000	346,000
iii) Komu	920,000	239,000	C

Determine the figures represented by the letters A, B and C

5. Most African countries, Kenya among them, are facing the challenge of being underdeveloped. Outline **four** factors that may indicate a country's state of underdevelopment. (4 marks)
6. Indicate the type of journal in which the following transactions would be recorded. (4 marks)

Transaction	Type of journal
a) Goods previously bought on credit Were returned.	
b) Goods sold on credit.	
c) Goods bought on cash.	
d) Motor van sold on credit.	

7. State **four** benefits that a person would enjoy from being a member of a savings and credit cooperative society. (SACCO) (4 marks)
8. Give **four** differences between a savings account and a fixed deposit account. (4 marks)
9. Highlight **four** external environmental factors that may negatively influence operations of a business. (4 marks)
10. One of the functions of an office is to control and safeguard an organizations property. Outline **four** ways that this function is achieved. (4 marks)
11. Identify the relevant participant in each of the statements given below in a two-sector economy. (4 marks)

Statement	Participant
a) Payment for goods and services.	
b) Sale of factors of production.	
c) Payment for factors of production.	
d) Sale of goods and services	

12. The following balances were extracted from the books of Kangari traders on 31st December 2022.

<u>Items</u>	<u>shs</u>
Capital	500,000
Buildings	220,000
Furniture	25,000
Motor van	300,000
Discount received	18,000
Commission allowed	36,000
Bank	120,000
Bank loan	180,000
Debtors	100,000
Creditors	63,000

Using the above information, prepare Kangari traders trial balance on the 31st December 2022.

(5 marks)

13. State the type of unemployment relating to each of the following descriptions. (4 marks)

- Caused by alternating trading patterns occurring at similar times.....
- Arises where workers have more skills and higher qualifications than the job requirement.....
- Occurs when some of the people who are unemployed are not capable of holding down a permanent job by virtual of some physical or mental disability.....
- Arises when people are unwilling to take up jobs due low pay

14. Outline one circumstance under which each of the following documents may be used by a trader.

(4 marks)

- Debit note
- Invoice
- Credit note
- Catalogue

15. State **four** benefits of a bonded warehouse to the government. (4 marks)

16. Outline **four** circumstances in which the government may get involved in business activities.

(4 marks)

17. Give **four** reasons for the increased use of mobile phones in banking. (4 marks)

18. Outline four reasons why a firm may remain small. (4marks)

19. List **four** levels of inflation. (4 marks)

20. Name the documents described by the statements given below as used in international trade.

(4 marks)

- Request of payment for goods before goods are delivered.....
- Shows ownership or title of goods imported.....
- Shows the country of manufacture of goods imported.....
- Shows that the person or firm has been granted permission to import the goods indicated on it.....

21. Outline four circumstances that may lead to the existence of a business opportunity to be exploited by the entrepreneur (4 marks)

22. The following transactions were extracted from the books of Githima traders for the month of March 2022. (4 marks)

March 12: Purchased goods on credit worth kshs 300,000 from Karega traders.

March 28: Sold goods on credit worth kshs 530,000 to Kigumo traders.

Record the above transactions in the relevant ledger accounts.

23. John completed his high school learning last year. Mention **four** types of small-scale retail businesses that he can engage in that would not require him to have a physical building/structure. (4 marks)

24. Kwetu traders have realised that their sales have been on the decline. Mention **four** factors that the firm should consider when deciding on the method to use for promoting its products. (4 marks)
25. Excessive public borrowing has been blamed as one of the factors contributing to economic instability in Kenya. State **four** other sources through which the Kenyan government can raise revenue. (4 marks)

**KIGUMO MOCK CLUSTER
FORM 4 TERM 2 2023 EVALUATION
565/2**

BUSINESS STUDIES PAPER 2

- 1 (a) Explain **five** benefits of division of labour to an organization. (10mks)
 (b) Explain **five** benefits that a private limited company would get by converting to a public limited company. (10mks)
2. (a) Explain **five** characteristics of property insurance. (10mks)
 (b) Explain **five** services that the Central Bank of Kenya may offer to commercial banks. (10mks)
3. (a) Explain **five** differences between an open office and an enclosed office. (10mks)
 (b) The following balances were provided by Nkatha traders on 30th June 2021.

	<u>Kshs.</u>
Capital	150,000
Carriage inwards	9,100
Carriage outwards	17,500
Cash at Bank	28,500
Cash in Hand	3,200
Creditors	35,000
Debtors	16,500
Discounts Allowed	5,400
Discounts Received	2,700
Drawings	31,400
Furniture and Fittings	58,500
Motor Vehicles	65,200
Office machines	7,500
Purchases	228,200
Rates and Insurance	11,600
Returns Inwards	9,900
Returns Outwards	16,400
Sales	362,700
Wages and Salaries	41,800

Additional information: Opening and closing stock were valued at kshs. 32,800 and kshs. 29,500 respectively.

Required;

Prepare Nkatha Traders Trading, Profit and Loss Account for the period ending 30th June 2021.

- (10mks)
4. (a) Explain **five** circumstances that would influence a producer to use wholesalers in distributing his products. (10mks)
 (b) Explain **five** advantages of indirect tax in raising revenue for the government. (10mks)
5. (a) Explain **five** situations under which an increase in price of a commodity may lead to an increase in demand for the same commodity. (10mks)

- (b) Explain **five** benefits that a firm may enjoy by preparing a business plan. (10mks)
6. (a) Explain **five** challenges that may be experienced by a country whose population is made up of a large proportion of young people.
- (b) The following information relates to Liam Enterprises:

<u>Details</u>	<u>Kshs.</u>
Stock 1 st January 2021	430,000
Purchases	930,000
Sales	1,155,000
Carriage outwards	25,000
Carriage inwards	10,000
Returns outwards	20,000
Returns inwards	30,000
General expenses	100,000
Insurance	25,000
Stock 31 st December 2021	470,000

Calculate:

- i) Turnover (1mk)
- ii) Rate of Stock Turnover (3mks)
- iii) Mark up (2mks)
- iv) Margin (2mks)
- v) Net profit (2mks)

MOKASA 1 EXAMINATION

565/2

BUSINESS STUDIES PAPER 2

1. a. Explain **five** factors that promote entrepreneurial activities in a country. (10marks)
- b. Explain **five** measures that the Central Bank of Kenya can put in place so as to reduce the amount of money in circulation. (10marks)
2. a. Explain **five** uses of national income statistics. (10marks)
- b. Explain **five** differences between public limited companies and partnerships forms of business units. (10marks)
3. a. Explain **five** factors to be considered when selecting office equipment to buy. (10marks)

- b. On 1st March 2016, Karani Traders had cash in hand sh.100,000 and cash at bank sh.150,000. The following transaction took place during the month.

- March 2nd: Bought goods in cash sh.15,000.
 4th: Paid salaries by cash sh.75,000.
 5th: Received the following cheques from debtors after allowing a 2% discount in each case Wamburi sh.9800 and Wang'onde sh.19,600.
 8th: Paid the following accounts by cheque in each case deducting a 5% discount Wang'ombe sh.30,000, Wanjohi sh.12,000.
 12th: Bought office machinery by cheque sh.50,000.
 20th: Took cash 10,000 for private use.
 25th: Cash sales sh.20,000.
 28th: Banked cash amounting to sh.10,000.
 31st: Received sh.30,000 cash from Wanjohi a debtor.

Required: Prepare a three column cash book duly balanced. (10 marks)

4. a. Explain **five** limitations of a trail balance. (10marks)
 b. Explain **five** benefits of insurance to business. (10marks)
 5. a. Explain **five** trends in product promotion. (10marks)
 b. Explain **five** methods of determining the price of a commodity. (10 marks)
 6. a. Explain **five** reasons for the popularity of shopping in hypermarket in the modern society. (10 marks)
 b. The trial balance given below was extracted from the books of Barsigan traders as at 31st Dec 2022.

Details	Dr.	Cr.
Stock 1/1/2022	35,000	
Sales		395,000
Carriage inwards	15,000	
Purchases	270,000	
Returns	8,000	4,000
Discounts	3,000	5,000
Insurance	10,000	
Advertising	5,000	
Carriage outwards	7,000	
Premises	400,000	
Machinery	200,000	
Bank loan		180,000
Debtors	45,000	
Drawings	20,000	
Bank		215,000
Creditors		50,000
Salaries	18,000	
Rates	12,000	
Capital		379,000
	<u>1,048</u>	<u>1,048</u>

Additional information; Stock on 31st Dec, 2022 was sh.50,000.

- Required prepare: (i) Trading profit and loss account for the year ended 31st Dec 2022.
 (ii) A balance sheet. (10marks)

MJET FORM 4 SERIES TERM 1 2023**565/1****BUSINESS STUDIES PAPER 1**

1. State any **four** characteristics of human wants. (4 marks)
2. Using the book keeping equation. Fill the table below. (4 marks)

Assets	Capital	Liabilities
a. _____	4650	3200
1,505,000	807,000	b. _____
930,000	c. _____	450,000
d. _____	75,000	57,000

3. The following statements relate to the external business environment. Indicate the appropriate factor influenced by the statements. (4 marks)

STATEMENT	FACTOR
a) Low interest rate	
b) A growing population	
c) Strike in the industry	
d) New methods of production	

4. Outline **four** requirements that are needed for a smooth functioning of a warehouse. (4 marks)
5. Outline **four** limitations that are imposed on limited partner by law. (4 marks)
6. List four documents used in home trade at the order stage. (4 marks)
7. Indicate in the table below the office machine used to perform the following functions. (4 marks)

	Function	Machine
a.	Folding documents, placing them in envelopes and sealing the envelopes.	
b.	Making short hand dictations and recording information on tapes.	
c.	Posting information to ledgers and preparation of pay rolls.	
d.	For trimming documents into required shapes and sizes.	

8. Outline four features of life assurance contract. (4 marks)
9. A cheque has three parties. Identify who they are in the following story: (3 marks)
Marian has a current account at Equity Bank. She paid Cynthia by cheque.
Marian _____
Equity bank _____
Cynthia _____

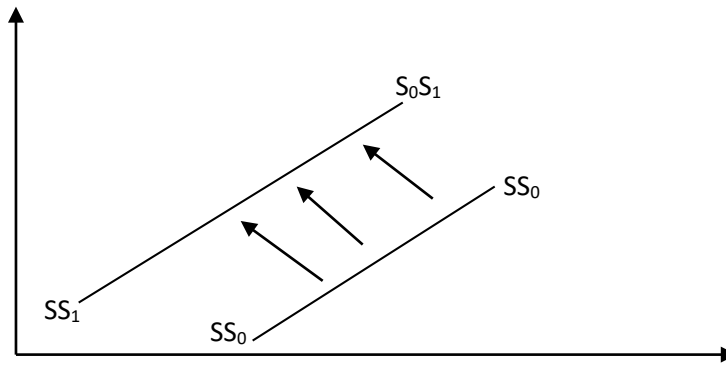
10. Highlight **four** market situations that result into a business opportunity. (4 marks)

11. State the type of unemployment relating to each of the following descriptions: (4 marks)
- Caused by alternating trading patterns occurring at similar times. _____
 - Arises where workers have more skills and higher qualifications than the job requirements.
 - Arises out of a mismatch between the skills possessed by potential employees and the location of the jobs available. _
 - Arises when people are unwilling to take up jobs due to low pay. _____
12. Name any four documents that may be required by the registrar of companies in order to register a public limited company (4 Mks)
13. Highlight **four** circumstances under which the capital of a business may change. (4 marks)
14. Outline four areas where a consumer needs protection. (4 marks)
15. Identify the type of advertising described by each of the following : (4marks)
- | Description | Type of advertising |
|---|---------------------|
| a) Meant to promote a company's name or image : _____ | |
| b) Uses popular personalities to advertise _____ | |
| c) Aims at promoting the sales of a new or existing product : _____ | |
| d) Aims at giving full information about a product _____ | |
16. Highlight four functions of money. (4 marks)
17. State **four essential** elements of transport. (4 marks)
18. The participants in a two sector economy are households and firms. Identify the relevant participant in each of the statements given below. (4mks)

Statement	Participant
a)Payment for goods and services.	
b)Sale of factors of production.	
c)Payment for factors of production.	
d)Sale of goods and services.	

19. Outline **four** features of capital as a factor of production. (4 marks)
20. Outline **four** reasons why a firm would prefer to locate near the market of its products (4 marks)
21. Highlight four reasons why reasons why Business Studies should be offered as a career subject in secondary schools. (4 marks)
22. Outline four circumstances under which one may use audio-visual communication. (4 marks)
23. On 1st July 2012, Mara traders had sh 6,000 cash in hand and bank overdraft of sh 2,000. During the month the following transaction took place.
- July 2: Received cheque from debtor of sh 50,000
- July 5: Paid rent sh 2,000 cash
- July 15: Withdrew sh 5,000 for personal use
- July 25: Banked all the cash except sh 1,000
- Required;** prepare Mara Traders two column cash book. (5 marks)

24. The following diagram shows a shift in supply curve.



State **four** factors that may have led to such a shift (4mks)

25. The following information was obtained from the books of Abdi Enterprises as at 31st December, 2017.
shs

Sales	500,000
Opening stock	40,000
Mark-up	25%
Rate of stock turn-over	5 times

Calculate;

- Cost of sales (2 marks)
- Closing stock (2 marks)

MJET FORM 4 SERIES TERM 1 2023

565/2

BUSINESS STUDIES PAPER 2

- Explain the five components of business studies. (10mks)
 - It has been the will of the government of Kenya to create 500,000 jobs per year. Explain five reasons which have hindered the achievement of this goal. [10 marks]
- Discuss five causes of breakdown in communication. (10mks)
 - Explain five factors that may lead to a decline in supply of Tea in Kirinyaga County. (10 marks)
- Discuss five ways the Kenyan economy benefits from indirect production. (10mks)
 - The following information relates to Baraka traders.

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

Details	Dr. (Shs.)	Cr. (Shs.)
Capital		2,942,884
Motor vehicle	876,240	
Machinery	568,790	
Stock (1/1/2012)	369,000	
Debtors	265,700	
Cash	108,000	
Bank	1,258,000	
Creditors		488,145
Sales		1,896,500
Purchases	759,250	
Carriage inwards	55,240	
Returns	56,800	67,021
Carriage on sales	28,400	
Discount	52,000	39,870
Salaries	1,305,000	
Rent		547,600
Insurance	254,000	
Electricity	25,600	
	5,982,020	5,982,020

Additional Information

Closing stock Shs.80,000.

Required: Prepare Trading and Profit and Loss A/C. (10 marks)

- 4.
- Differentiate between a co-operative society and a public limited company (10mks)
 - Explain five activities that may be carried out in the process of distributing goods.(10 marks)
- 5.
- Discuss **five** circumstances when a business person may prefer containerisation to move their products. (10 Mks)
 - 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**
- Record the above transactions in their various ledgers accounts. (5mks)
 - Prepare a trial balance. (5mks)
- 6.
- Explain **five** ways in which Entrepreneurs can maintain a healthy Business environment. (10mks)
 - Explain **five** factors to consider when choosing a method to promote products (10mks)

CHOGORIA - MURUGI**565/1****BUSINESS STUDIES PAPER 1**

1. State four elements of the external environment that may negatively affect business operations. (4mks)
2. Outline four factors that make office managers to communicate to their staff in writing. (4mks)
3. Highlight four disadvantages of monopoly markets. (4mks)
4. Identify the books of original entry used in recording each of the following transactions of Turkwel traders. (4mks)

	Transactions	Books of Original Entry
a)	Sold goods on credit to Atieno	
b)	Bought goods on credit from Chantal Traders for sh 4000	
c)	Zuma returned goods worth sh 8000	
d)	Turkwel returned goods worth sh 11000 to Simba Traders	

5. State four roles played by Nairobi stock exchange in Kenyan economy. (4mks)
6. Name four types of warehouses. (4mks)
7. State four reasons why consumers have to make a choice between competing needs. (4mks)
8. Filling in the missing figures

	Fixed Assets	Current Assets	Capital	Liabilities
a)	275 500	_____	315 000	115 500
b)	182 000	108 700	_____	217 100
c)	_____	76 400	123 100	91 900
d)	313 450	211 340	189 170	_____

9. Highlight four functions of money. (4mks)
10. Identify the type of utility credited in the following circumstances. (4mks)

	Activity	Utility
a)	Carpentry	
b)	Selling bread to students	
c)	Warehousing of goods imported	
d)	Carriage of cargo to the market	

11. The following are policies issued under marine insurance, fleet policy composite policy, voyage policy, time policy.

Identify the policy that suits the description listed below.

	Description	Marine policy
a)	Covers a ship within a specified period of time	
b)	Covers a ship on a particular journey	
c)	Different insurers covers a ship for the same	
d)	Covers many vessels against losses under one policy	

12. This is Mutegi's demand schedule for bread in a week.

Price per loaf (shs)	No. of loaves demanded
30	1
20	2
15	4
12	6
10	8
5	12
1	20

Required: Draw the demand curve of Mutegi's bread for a whole week. (4mks)

13. The following information was extracted from the books of Jupiter Traders

Rate of stock turnover 3 times

Mark up 20%

Opening stock shs 160 000

Closing stock shs 200 000

Required:

(i) Gross profit (2mks)

(ii) Sales (2mks)

14. Outline four business ethics that a trader should observe when dealing with customers, employees, and other businesses. (4mks)

15. Highlight four reasons why the government requires businesses to obtain licences. (4mks)

16. The following information was obtained from the books of Jakayo Traders as at 1st July 2010.

Shs

Furniture 20 000

Stock 8 000

Creditor 7 000

Cash bank 12 000

Long term loan 10 000

Prepare Jakayo's balance sheet as at 1st July 2010. (4mks)

17. State four circumstance under which cash with order is mostly practiced. (4mks)

18. Highlight four reasons why a producer of goods may use intermediaries to distribute his goods. (4mks)

19. Outline four tools of monetary policy that government may use to reduce excess money in circulation. (4mks)

20. Highlight four benefits that would accrue to a firm located near existing firms. (4mks)

21. Highlight four circumstance under which personal selling may be used as a strategy in product promotion. (4mks)

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

23. Highlight four benefits of using electronic filling system in an office. (4mks)

24. Give four factors that limit use of containers as a method of transporting goods in a developing country. (4mks)

25. Give four factors that influence the level of national income. (4mks)

CHOGORIA - MURUGI

565/2

BUSINESS STUDIES PAPER 2

1. (a) Explain five factors that encourage entrepreneurial development in Kenya. (10mks)
- (b) Highlight five characteristics of an efficient tax system. (10mks)
2. (a) Dr Walden would like to pass a message to a friend. Explain five factors he is to consider in choosing the most appropriate means of communication to use. (10mks)
- (b) Describe any five source of document that a business may have access to. (10mks)
3. (a) Explain five benefits of direct production. (10mks)
- (b) The following information relates to Maralal Traders for the month of May 2014.

May 1:	Balance brought forward
	Cash shs 180,000
	Bank shs 450,000 (Cr)
3:	received a cheque of 1,500,000 from Mpasha, a debtor
7:	Cash sales shs 280,000
11:	Jolloimat, a creditor of shs 600,000 was paid by cheque of sh 400,000 and the balance by cash
14:	Received commission in cash shs 150,000
17:	A debtor, Leteipa, paid his account of 185,000 by cheque less 2% cash discount.
19:	Paid the following expenses by cheque:
	Rent shs 75,000
	Electricity shs 32,000
	Water shs 25,000
21:	Withdrew shs 100,000 from bank for personal use.
24:	Paid cash shs 133,280 to Kinai after deducting a cash discount of 2%
25:	Received a cheque of sh 200,000 from Kiyapi, a debtor
28:	Paid salaries shs 120,000 by cheque
31:	Banked all cash except shs 50,000

Required:

Record the above transactions in a three column cash book. (10mks)

4. (a) Explain five differences between private limited companies and partnerships forms of business units. (10mks)
- (b) Explain clearly with aid of a diagram the change of equilibrium as a result of increase in supply of a commodity. (10mks)
5. (a) Explain five challenges that an underpopulated country may experience. (10mks)
- (b) Explain five measures that a wholesaler would take to ensure smooth running of his warehouse. (10mks)

6. (a) Highlight four circumstances under which a cheque may be dishonoured. (8mks)

(b) The following trial balance related to Kimani's business as at 31st December 2012

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

Required:

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

MURANG'A SOUTH

(565/1)

END OF TERM ONE EXAM

- State four communication room equipment. (4 marks)
- Classify the following accounts as either personal, impersonal or private. (4 marks)
 - Furniture account- _____
 - Drawings account- _____
 - Owino's account - _____
 - Rent income account - _____
- State any four clauses that are contained in a memorandum of association. (4 marks)
- Outline four means of payment used by commercial banks to transfer money. (4 marks)
- Mention four features which qualify food as a primary want. (4 marks)
- Highlight four characteristics of a monopolistic competitive market. (4 marks)
- Outline four disadvantages of water transport. (4 marks)
- The following information was extracted from the books of JabaliTraders on 31st December 2015

Details	Ksh
Purchases	84,375
Carriage out	7,400
Stock on 1/1/15	67,900
Carriage in	9,170
Stock on 31/1/15	17,970
Returns out	15,520

(a) Determine net purchases. (4 marks)

9. Classify the following activities into the appropriate level of production. (4 marks)

<u>Activities</u>	<u>Level of production</u>
(a) Road construction	_____
(b) Entertainment	_____
(c) Fishing	_____
(d) Milk processing	_____

10. Classify the following as the assets or liabilities. (4 marks)

Item	Classification
(a) Creditors	_____
(b) Stock	_____
(c) Bank overdraft	_____
(d) Chair	_____

11. Highlight four means of written communication. (4 marks)

12. The following information relates to Mali Mingi Traders.

- (a) On 3rd March 2019, bought equipment worth sh 10,000 on credit from office supplies limited.
 (b) On 21st March 2019, sold a motor vehicle worth sh 87,000 on credit to Gitau

Record the above information in the general journal. (4 marks)

Date	Details	Folio	Dr	Cr

13. Outline four gaps in the market that may present business opportunities for an entrepreneur. (4 marks)

14. Outline four ways in which a firm benefits the community in which it is located. (4 marks)

15. Give four malpractices against which consumers may need protection. (4 marks)

16. The following information relates to Fair Deal Enterprises for the year ended on 31st December 2015.

Capital 31/12/2015 sh 500,000
 Profit sh100,000
 Drawings sh60,000
 Additional investments sh40,000

Calculate the capital of Fair Deal Enterprises as at 1st January 2015. (4 marks)

17. Outline four reasons why Safaricom Company Limited is spending heavily on advertisement despite the fact that their customers have knowledge of their products. (4 marks)

18. Name the basic concept in population described in the statements given below.

- (a) Population size that is adequate for the full utilization of available resources in the country. ____
 (b) The average number of births per one thousand women in a year. _____
 (c) When a country is experiencing higher death rates than birth rates. _____
 (d) When a bigger proportion of the population is comprised of people who are above 55 years. ____

19. State four expenses that are incurred in the process of distributing goods. (4 marks)

20. Outline four features of multiple stores. (4 marks)

21. Outline four items that are considered when measuring national income using the expenditure method. (4 marks)

22. Outline four benefits of a public warehouse. (4 marks)

23. Highlight four possible effects of a positive change to the consumers' preference for a good. (4 marks)
24. State the term given to each of the following statements as used in insurance. (4 marks)
- (a) Temporary certificate - _____
 - (b) Periodic payments by a policy holder - _____
 - (c) Acquiring the rights the insured had of the destroyed property - _____
 - (d) Life assurance lasting for a specified period - _____
25. Outline four purposes of a cash book. (4 marks)

MURANG'A SOUTH**(565/2)****END OF TERM ONE EXAM**

- 1 a) Explain five ways in which an entrepreneur contributes to production of goods and services. (10 marks)
- b) Using a well labelled diagram, explain the circular flow of income in a two sector economy. (10 marks)
- 2 a) Explain five demerits that may befall a business that uses poor technology. (10 marks)
- b) Explain five ways in which the consumer may benefit from warehousing. (10 marks)
- 3 a) From the trial balance given below, prepare a trading, profit and loss account for the year ended 31st August 2021. (10 marks)

**Merchants Wholesalers
Trial Balance
As at 31st August 2021**

	Debit (sh)	Credit (sh)
Purchases/ sales	349,000	582,000
Debtors/ creditors	51,000	62,000
Motor vehicle	600,000	
Drawings	30,000	
Returns	22,000	19,000
Carriage in	10,000	
KCB Loan		170,000
Furniture and fittings	45,000	
Discounts	25,000	36,000
Opening stock	40,000	
Carriage outwards	7,000	
Rent		24,000
Advertising	13,000	
Land and buildings	500,000	
Daima Bank Loan		210,000
Interests on loans	48,000	
Cash at bank	150,000	
Cash in hand	28,000	
Capital		815,000
	1,918,000	1,918,000

Additional information:

Closing stock 80,000

- b) A school leaver plans to start a retail business. Explain five types of small scale retail shops the person may start (10 marks)
- 4 a) Explain five reasons why small firms outnumber large firms in Kenya. (10 marks)
- b) Explain five characteristics of property insurance. (10 marks)
- 5 a) Outline five benefits that Kenya will get by making pipeline extensions throughout the country for transporting oil products. (10 marks)
- b) Describe five channels of distributing locally manufactured goods. (10 marks)
- 6 a) Apart from selling shares, explain five sources of capital for a public limited company. (10 marks)

- b) Record the following transactions in Kamene's three column cash book and balance it off on 30th September 2020.
- September 1: Started business with 10,000 in cash and 5,000 in the business bank account.
- September 6: Bought goods for sh 2,000 in cash.
- September 8: Paid creditor, Salome, a debt of sh 10,000 by cheque, less 10% cash discount.
- September 12: Sold goods for sh 5,000, receiving payment by cheque.
- September 18: Deposited sh 2,000 into the business bank account from the cash box.
- September 21: Withdrew sh 1,000 from the bank account for personal use.
- September 26: Received sh 5,000 from a debtor, Adaji in cash after having deducted a 5 % cash discount.
- September 30: Paid wages amounting to sh 1,000 by cheque.

ARISE AND SHINE**565/1****BUSINESS STUDIES PAPER 1**

1. Identify the environmental factor affecting business operations as described by the following statements. (4 marks)

S.no	Statement	Factor
a	Skills and methods used by workers in production.	
b	Affects buyer's ability to buy products offered by a business	
c	Firms selling similar products trying to outdo each other in their efforts to maximize profits	
d	Formal arrangement of activities carried out by employees at various levels in an organization.	

2. Give **four** items of information that can be found in an insurance policy. (4 marks)
3. Highlight **four** factors considered when planning the location of an office. (4 marks)
4. Outline **four** reasons for collapse of small scale business units. (4 marks)
5. Many changes have taken place in the transport sector. Identify any four of such changes. (4 marks)
6. Mention **four** costs that are incurred by middlemen while distributing goods. (4 marks)
7. For each of the following transactions indicate in the appropriate columns the source documents and the books of original entry in which the transactions should be recorded (4 marks)

	Transaction	Source document	Book of original entry
(a)	Goods returned by a customer		
(b)	Purchase of goods on credit		

8. Outline **four** circumstances when high population is desired in a country (4 marks)
9. Globalization is a term often used to denote business ownership and spread. Outline four merits of globalization of business units. (4 marks)
10. Give the term that best suit each of the statements described below. (3 marks)

	Statement	Term
a	List of wants starting from most pressing to the least pressing	
b	Limited or not enough in supply of something	
c	Value of the best next forgone alternative	

11. The following assets and liabilities belong to Longisa Traders as at 31.12.20

Stock	sh. 90,000
Equipment	sh. 130,000
Creditors	sh.65,000

(a). Work out the net worth of Longisa Traders (1 mark)

12. The following balance were extracted from the books of Bomet East traders on 31st July 2022

Items	Amount
Capital	500000
Cash in hand	20000
Buildings	20000
Furniture	25000
Motor vehicle	137000
Creditor	8000
Debtors	36000
bank	100000

Required: Prepare Bomet East traders trial balance as at 31st July 2022. (5marks)

13. The following balances were extracted from the books of Suswa Traders on 31st December 2001

	Shs.
Gross profit	400,000
Salaries	160,000
Returns outwards	4,500
Telephone	40,000
Commission received	16,000
Sales	200,000
Commission	30,000
Repairs	15,000

Prepare a profit and loss account for the period ended 31st December 2001. (4 marks)

14. Outline **four** essentials of a bill of exchange. (4marks)

15. On 2nd November 2022 Ongengo received an invoice of Ksh. 12000. Terms of payment were: Trade discount of 5% and cash discount of 10%. If payment is made within 30 days. Determine the amount paid if payment was made on 27th November 2022. (4 marks)

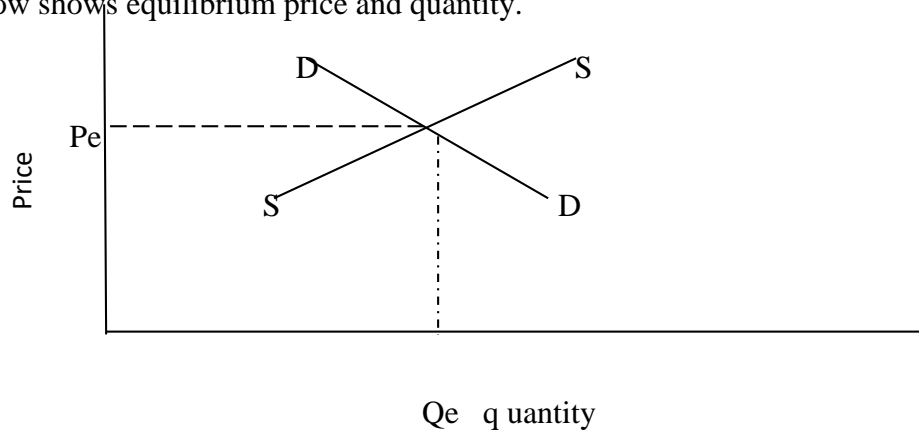
16. Identify the product promotion method described by each of the statement below. (4 marks)

	Statement	Method
a	Selling a product below its market price so as to entice customers to enter the shop.	

b	Process of passing information with a view of creating and promoting a favourable image of the organization to the public	
c	Paid form of impersonal presentation of a product through mass communication media.	
d	Reduction in the sales price of a product by the seller so that the buyer ends up paying less.	

- 17. Highlight any **four** services offered by commercial banks to their clients. (4 marks)
- 18. State **four** emerging trends in communication. (4 marks)
- 19. Give **four** characteristics of oligopoly market structure. (4 marks)

20. The diagram below shows equilibrium price and quantity.



Draw a new demand curve on the diagram above showing a decrease in demand and the effect on: (4 marks)

- (a). Equilibrium price (P_e)
- (b). Equilibrium quantity (Q_e)
- (c). Equilibrium point (E)
- 21. Highlight **four** reasons why a country would rely more on primary level of production. (4 marks)
- 22. State **four** importance of computing national income statistics in a country such as Kenya. (4 marks)
- 23. From the transactions below, state the accounts to be debited and to be credited. (4 marks)

	Transactions	Debit	Credit
i	Begun a business with Ksh 10,000 in the bank		
ii	Bought equipment by cheque for Ksh. 8,000		
iii	Transferred Ksh 60,000 to the bank from the cash till		
iv	Took cash Ksh.7,000 to pay hospital bill		

- 24. Outline four advantages of a systematic arrangement of goods in a warehouse. (4 marks)

25. Name four factors considered when determining size of the firm.

ARISE AND SHINE TRIAL EXAMINATION**565/2****BUSINESS STUDIES PAPER 2****Answer Any Five Questions**

1. (a) Explain **five** benefits that may accrue to a firm that adopts division of labour. (10 marks)
 (b) Discuss **five** problems that a country may face when measuring her national income using output approach. (10 marks)
2. (a) Explain **five** measures that a business may take to safeguard and control its property. (10 marks)
 (b) Discuss five factors that a manufacturer should consider when choosing a distribution channel. (10 marks)
3. (a) Describe **five** circumstances under which a bank may dishonor a cheque. (10 marks)
 (b) On 1st January, 2012 Chumo Traders had the following balances:
 Cash 15,000
 Bank 40,000
 During the month, the following transactions took place.
 Jan 2 Maritim, a debtor, settled his account of sh.10,000 by a cheque of sh.8,000.
 5 Deposited sh.4,000 into the business bank account from the cash till.
 9 Paid wages by cash sh.5,000
 14 Sold goods in cash sh.14,000
 17 Purchased office equipment worth sh.3,000, paying by cheque.
 18 Settled Korir's account, sh.10,000 by cash after being allowed a discount of 5%.
 21 Received sh.6,000 cash from Kolongei, a debtor.
 23 Tangus, a debtor settled his sh.4000 account by cheque having been allowed a discount of 20%.
 27 Deposited sh.17,000 in the business bank account from private sources.
 30 Banked all the cash in the till except sh.1000.

Prepare a three column cash book for Chumo Traders duly balanced at the end of the month.

(10marks)

4. (a) Outline **five** reasons why a wholesaler may decide to construct its own warehouse instead of hiring storage space. (10 marks)
 (b) Describe **five** features of human wants. (10 marks)
5. (a) Small scale businesses in Kenya has been struggling over the years, explain **five** reasons behind this. (10 marks)
 (b) Explain **five** factors to consider when choosing a method of product promotion. (10 marks)
6. (a) Describe **five** steps to be followed when obtaining an insurance policy. (10 marks)

(b) The following information relates to Jambo Entreprises for the year ended 31st December 2018.

<u>Item</u>	<u>Shs</u>
Stock on 1 st Jan 2018	75,000
Furniture	2,000,000
Motor vehicles	4,000,000
Purchases	1,500,000
Carriage on Purchases	50,000
Sales	3,000,000
Carriage on Sales	15,000
Discount received	25,000
Debtors	400,000
Creditors	635,000
Discount allowed	10,000
Lighting & Heating	15,000
Water	5,000
Rent and rates	30,000
Repairs	50,000
Salaries	100,000
General expenses	70,000
Cash in hand	90,000
Cash at Bank	450,000
Capital	5,230,000
Commissions paid	30,000

Additional information:

Stock on 31st Dec 2018 was 105,000.

Prepare;

- (i) Trading Profit & Loss account for the year ended 31st Dec 2018.
- (ii) Balance sheet as at 31st December 2018.

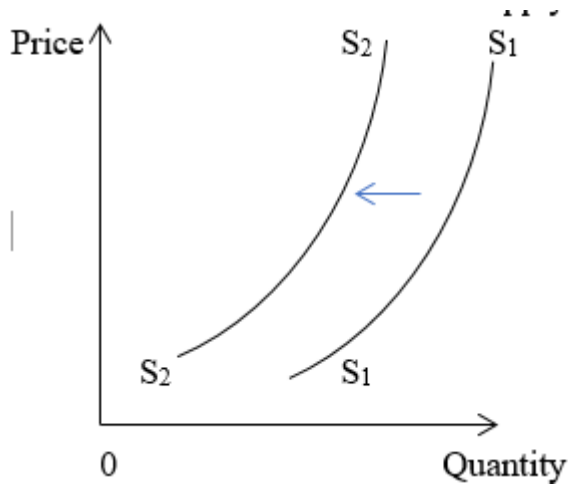
KASSU JET EXAMINATION

565/1

BUSINESS STUDIES PAPER 1

JUNE, 2023 – 2 HOURS

1. State **four** demographic factors that may positively influence business operations. (4mks)
2. Outline **four** factors that determine the amount of money one would hold for precautionary motive. (4mks)
3. Outline **four** advantages of a bonded warehouse to the Government. (4mks)
4. Describe the following terms. (4mks)
 - a). Firm
 - b). Industry
 - c). Localization of firms.
 - d). Diseconomies of scale.
5. State **four** benefits Kenya would get as a result of exploiting her natural resources. (4mks)
6. The curve below shows shift in supply curve.



- State **four** factors that may have contributed to the shift from S_1S_1 to S_2S_2 . (4mks)
7. Highlight **four** reasons for the increasing popularity of savings and credit co-operative societies (SACCO's) in Kenya. (4mks)
8. The following information was extracted from the records of Mali Mali traders for the period ending 31st December 2022.

Margin	25%
Stock (01/01/2022)	90,000
Stock (31/12/2022)	30,000
Turnover	680,000

- Required:** Prepare a Trading account (4mks)
9. State **four** differences between direct and indirect production. (4mks)
10. The following is a list of ledger accounts. Name the ledger book in which they are maintained. (4mks)

	Account	Ledger book
a)	Drawings	
b).	Kamau (Customer)	
c)	Sales	
d).	Machinery	

11. Identify the line of communication that suits the statements given below. (4mks)
- a) Bank manager giving instructions to the bank teller.
 - b) A class teacher seeking clarification from the school principal.....
 - c) Accounts manager of Portland cement factory talking to accounts clerk of Bamburi cement factory.....
 - d) Head of mathematics department communicating with head of humanities department in Simba high school.....

12. Highlight **four** characteristics of a monopoly market structure. (4mks)

13. As an entrepreneur, State **four** personal factors you would consider when evaluating a business opportunity. (4mks)

14. Outline **four** reasons for the popularity of using motorcycles in the transport sector. (4mks)

15. The following information relates to Taptok traders as at December 2022.

Details	Kshs
Drawings	140,000
Added investment	1,000,000
Capital (01/01/2022)	6,000,000
Capital (31/12/2022)	6,500,000

Calculate Taptok’s profit/loss for the year. (4mks)

16. State **four** ways through which consumers can protect themselves from unscrupulous traders. (4mks)

17. Outline **four** factors that may influence the choice of a channel for distributing milk in a market. (4mks)

18. In the table below, indicate the appropriate source document that may provide information to be recorded in the following books of original entry. (4mks)

Book of original entry	Source document
a). Purchases day book	
b). Sales journal	
c). Sales return journal	
d). Cash payment journal	

19. Outline **four** reasons why online advertising would be preferred by a trader. (4mks)

20. Outline **four** circumstances under which an enclosed office layout would be appropriate. (4mks)

21. Highlight **four** components to include when measuring National income using income approach. (4mks)

22. Briefly, explain the meaning of the following terms as used in insurance. (4mks)

- a). Risk
- b). Policy
- c). Annuity.
- d). Claim.

23. Fill in the missing figures in the table below. (4mks)

	Fixed Assets	Current Assets	Capital	Liabilities
a)	275,500	a).	315,000	115,500
b)	182,000	73,600	b).	217,100
c)	c).	76,400	123,100	91,900
d)	313,450	211,340	189,170	d).

24. Highlight **four** factors a seller would consider before giving credit to a customer. (4mks)
25. The average consumer price for 1kg of sugar for various months in the year 2023 is shown below.

Month	Consumer price (Ksh)
January	110
February	120
March	130
April	170
May	200

Using January, 2023 as the base month, calculate the consumer price index for the month of February, March, April and May. (4mks)

KASSU ONE EXAMINATIONS
565/2 BUSINESS STUDIES
PAPER 2
TERM TWO 2023

- Explain **Five** importance of Business studies in the society. (10 marks)
 - Explain **Five** causes of balance of payment disequilibrium. (10 marks)
- Other than bidding, explain **Five** other methods of determining the price of a product in a market. (10 marks)
 - Describe **Five** types of large scale retailers. (10 marks)
- On 1st July 2021, Sisokhe Traders had Shs.36,500 at bank and cash in hand Shs. 250. During the month the following transactions took place.
 - July 2 Cash sales Shs.42,630 paid directly to the bank.
 - July 3 Received a cheque for Shs.14,100 from Fatuma in full settlement of a debt.
 - July 7 Credit sales Shs. 15,500 to Muvasu
 - July 8 Bought goods for Shs.26,240 on credit from Lytona Enterprises.
 - July 12 Cash sales Shs.42,450.
 - July 14 Paid Namuchu by cheque Shs.23,750 in full settlement of his account after deducting 5% cash discount.
 - July 15 Paid wages Shs.24,000 in cash.
 - July 16 Withdrew Shs.36,000 from the bank for office use.
 - July 17 Cleared Lytona account of Shs. 26,240 in cash less 12.5% discount.
 - July 18 Muvasu cleared her account of Shs 15,500 in cash less 8% discount.
 - July 20 Cheque received from Fatuma was dishonored.
 - July 28 Paid salaries by cheque Shs.48,600.
 - July 30 All cash was banked except Shs.5,000.

Required: Prepare a three column cash book. (10 marks)

 - Briefly explain the procedure an insured would follow when making an insurance claim. (10 marks)
- Explain any **Five** Measures that the government can use to curb the unemployment rate in Kenya. (10marks)
 - Explain **Five** differences between a partnership and private Limited company forms of business units. (10marks)
- Explain **Five** uses of National Income Statistics to a country. (10marks)
 - Explain **Five** canons of a good tax system. (10marks)

6. The following balances were extracted from the books of **Tik-tok investment** on 31/12/2020.

Item	Ksh
Land	464,250
Sales	330,000
Opening Stock	35,000
Purchases	300,000
Commissions received	36,000
Carriage outward	30,000
Returns outwards	25,000
Carriage inwards	15,000
Returns inwards	10,000
Closing Stock	69,000
Debtors	65,500
Bank	200,000
Capital	783,250
Creditors	105,500
Cash	60,000

Additional information,
Margin stated at 20%

Prepare

- i) Trading profit and loss account for the year ended 31st Dec 2020 (8marks)
 ii) Balance sheet as at 31st Dec 2020 (4marks)
- (b) Explain **Four** factors that may hinder development of a country. (8marks)