

KCSE BUSINESS STUDIES PP1 QUESTIONS 1996-2016

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By Sir Obiero Amos Resources

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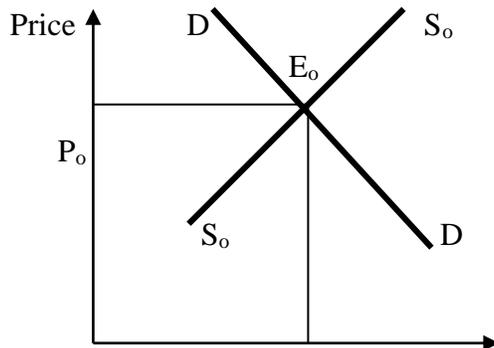
By Sir Obiero Resources 0706851439

565/1
BUSINESS STUDIES
PAPER 1
OCT/ NOV 2006
2 HOURS

1. State four advantages of operating a partnership form of business. (4mks)
2. Outline four risks against which a shopkeeper may insure. (4mks)
3. Give four ways in which a government may participate in the operations of a state corporation. (4mks)
4. Outline four considerations that a seller should take into account before giving credit to a new customer. (4mks)
5. The table below shows some of the occupations in production. Indicate the level of production associated with each of the occupations. (4mks)

Occupation	Level of production
a) Mining	_____
b) Oil refining	_____
c) Insurance	_____
d) Teaching	_____

6. What are the advantages of personal selling as a method of sales promotion? (4mks)
7. The diagram below shows the demand and supply curves of a certain commodity and the corresponding equilibrium price (P_o) and quantity (Q_o). On the diagram, show the new equilibrium quantity and price as a result of an increase in the supply of the commodity. (4mks)



Debtors	80,000
Creditors	40,000
Expenses	160,000
Capital	440,000

Prepare trial balance of Chebi Traders for the month ended 31 March 2005. (4mks)

18. The following balances were extracted from the books of Chombo Wholesalers for the year ended 31 Dec 2005.

	Shs.
Sales	500,000
Purchases	320,000
Opening stock(1.1.2005)	80,000
Closing 31.12.2005	40,000
Debtors	140,000
Creditors	90,000

Calculate

- a) margin
- b) Current ratio
- c) Rate of stock turnover (4mks)

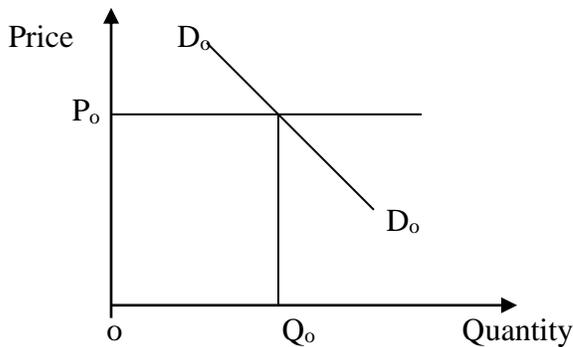
19. Outline four benefits of direct taxation to the government. (4mks)
20. State four factors that may cause inflation in an economy. (4mks).
21. Outline four ways that the World Bank may use to assist developing countries to improve their economy. (4mks)
22. State four problems that a planner may encounter in development planning. (4mks)

565/1
BUSINESS STUDIES
PAPER 1
OCT. /2007
2 HOURS

1. State four types of complaints that a consumer organization may receive from consumers. (4 mks)
2. The following terms relate to Communication: vertical, horizontal, formal and informal.
Write the appropriate term of communication associated with each of the following statements.

	Statement	Terms
(a)	A manager gives instructions to a supervisor in her division	
(b)	Rumours going around that the most disciplined workers will be rewarded.	
(c)	A manager issues a general circular to the employees	
(d)	Prefects discussing discipline in their school	

3. Outline three features of a Re – insurance company
4. A firm wishes to introduce a new product into the market. Outline four factors that should be considered in choosing an appropriate medium for promotion.
5. The diagram below shows the current demand for petrol.



5

2

- a) What is the effect of a fall in the price of cars on demand for petrol? (2mks)
- b) Draw a new demand curve on the diagram above to show the effect of a fall in price of cars. (2mks)
6. State four ways in which production activities may negatively impact on community health.
7. Outline four negative effects of an ageing population to an economy. (4mks)
8. The following are some of the accounts available to customers in the Kenyan banking industry: Current account, savings account and Fixed deposit account. Give the account that corresponds to each of the descriptions given below. (4mks)

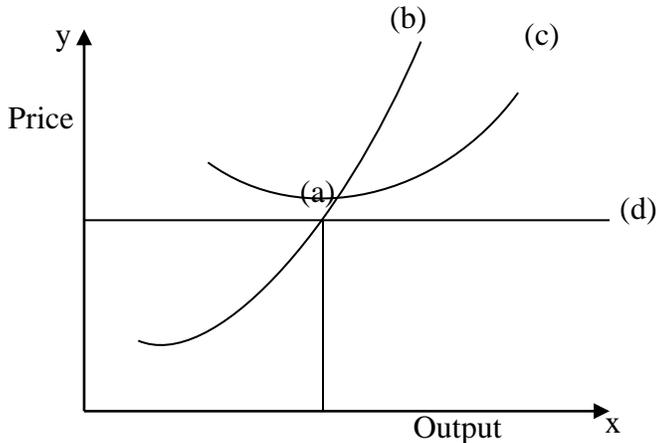
	Description	Type of Account
(a)	Account holders require to deposit a Specific initial amount as well as maintain a minimum balance	
(b)	Account holder may deposit and withdraw money whenever they want without maintaining a minimum balance	
(c)	Banks pay interest on the deposit at comparatively higher rates.	
(d)	Money may be deposited at any time and interest is earned if a specified balance is maintained	

9. The following are some of the documents used in home trade: Cash sale receipt, catalogue, invoice and statement of account. Match each document with the appropriate description provided in the table below.

	Description	Document
(a)	Shows details of goods offered for sale.	
(b)	Give quantity, unit price and total amount to be paid.	

(c)	Shows transactions since the date of last statement.	
(d)	Shows description of goods bought, prices and total amount paid.	

10. The following diagram represents equilibrium position of a firm under perfect competition.



Label the parts represented by the letters a,b,c, and d

11. State four circumstances under which air transport may be used to ferry goods (4mks)

12. On 1 January 2006, Mzalendo Traders sh.180000 in cash and sh.170000 at bank.

During the month, the following transactions took place:

2006

January 10 paid ABM Traders sh.25, 000 by cheque less sh.1000 Cash discount.

16 Sold goods for sh. 14,000 cash, less 5% discount

31 Banked all the cash except sh.5200

Enter the above transactions in cash book extract given below and balance it off. (5mks)

DR

CASH BOOK EXTRACT

CR

Date	particulars	Discount allowed	cash	Bank	Date	Particulars	Discount received	Cash	Bank
------	-------------	------------------	------	------	------	-------------	-------------------	------	------

		Sh.	Sh.	Sh.			Sh.	Sh.	
--	--	-----	-----	-----	--	--	-----	-----	--

13. Outline four benefits to a business that uses its own warehouse. (4mks)

14. Identify the book of original entry used in recording each of the following transactions of Soya Traders. (4mks)

	Transaction	Book of original entry
(a)	Sold goods on credit to Wanjau for sh.20,000	
(b)	Bought goods on credit from Saipei Traders for sh. 1000.	
(c)	A chieng returned goods worth sh.6000	
(d)	Soya returned goods worth sh.11000 to Nzome Traders.	

15. The following information related to Kerubo Traders for the year ended 31 December,2006.

	Sh.
Opening stock	24,000
Carriage on sales	12,000
Purchases	370,000
Sales	442,500
Closing stock	40,000

Other expenses 10% on Gross profit.

Prepare Trading profit and Loss Account for the year ended 31 December, 2006. (5mks)

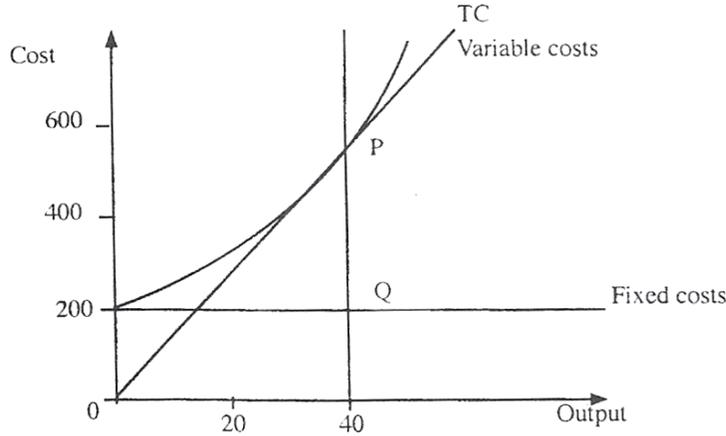
16. The average consumer price for a 500g container of cooking fat for various years is shown in the table below.

year	Consumer price Kshs.	Consumer price Index
2000	47	100
2001	53	-
2002	62	-
2003	74	-

- Calculate the consumer price index using year 2000 as the base year (3mks)
17. State four ways that may be used to control the amount of money in circulation by the central Bank of Kenya.
18. Outline four differences between a good and a service. (4mks)
19. Highlight four factors that could influence mobility of capital as a factor of production. (4mks)
20. State four advantages of an open office layout to an organization. (4mks)
21. Highlight four ways in which the running of public corporations may be improved. (4mks)
22. State four reasons why countries may decide to trade with each other. (4mks)
23. Outline four benefits that accrue to a customer who uses automated teller machine (ATM) banking service. (4mks)
24. State four factors that could hasten the economic development of a country. (4mks)
25. Outline four elements that may comprise the external environment of a business. (4mks)

565/1
BUSINESS STUDIES
PAPER 1
OCT/ NOV 2008
2 HOURS

1. State **four** advantages of division of labour.
2. Outline **four** features of a Private Limited Company
- 3 State **four** ways in which a warehouse is of importance to a manufacturer.
- 4 The diagram below shows total cost curve of a firm in the short-run.



Calculate the average variable cost of the firm.

5. Outline **four** benefits that may accrue to a business person who uses e-mail to communicate.
6. Outline the meaning of the following terms as used in accounting:
 - (a) Contra entry.....
 - (b) Cash discount.....

7. For each of the following transactions in the table below, indicate in the spaces provided, the source document from which the transaction would be recorded.

No.	Transaction	Source document
(a)	Sales of goods on credit	
(b)	Correction of an under charge	
(c)	Goods returned	
(d)	.Purchases on credit	

8. State the type of ledger account to which each of the following accounts relates;

Account	Type of Ledger account
Commission Income	
Pre-paid Insurance	
Supplier	
Motor Vehicle	

9. The following balances were extracted from the books of Solai Traders as at 31 May 2006.

	Sh
Current assets	220,000

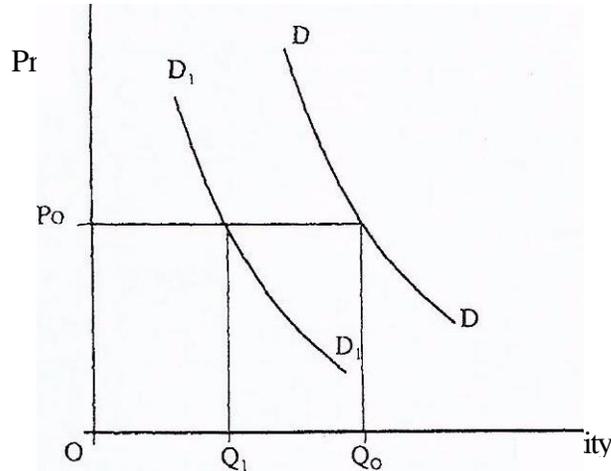
Capital	425,000
Net profit	85,000
Creditors	98,200
Accrued expenses	11,800

Determine:

- (a) Working capital
- (b) Return on capital

10. On 31 December 2005, Kiwa had accrued expenses of Sh.24, 000. On 31st December, 2006, the accrued expenses were Sh, 30,000. In 2006 expenses Paid for amounted to Sh.85, 000.
Determine the expenses for the year 2006.
11. Outline the circumstances under which each of the following characteristics of human wants may be observed:
12. Outline four factors that an entrepreneur should consider before setting up a manufacturing business.
13. Outline four requirements for opening a current account with a commercial bank.
14. Outline four factors that a trader would consider in choosing a mode of transport.
15. State **four** reasons why ethical practice is necessary in Product Promotion.
16. The economy of a country X has grown at the rate of 10% per annum for the last two years. However, the standard of living among the citizens has not changed. Outline **four** reasons that may have contributed to this trend.

17 The figure below shows a decrease in demand for a commodity from DD to D_1D_1 ,



State four possible causes that have led to this situation.

18 The following information relates to Ole Traders as at 30th June 2007:

	Shs.
Machinery	200,000
Furniture	100,000
Premises	400,000
Debtors	160,000
Cash in hand	10,000
Bank overdraft	100,000
Creditors	

Calculate capital for Ole Traders as at 30 June 2007:

19 Outline the purpose of a trial balance as used in bookkeeping.

20 State two characteristics of each of the following balance sheet elements:

- (a) Assets
- (b) Liabilities

- 21 Outline four measures that a government may put in place to reduce high inflation in a country.
- 22 Elephant Enterprises acquired a building valued at sh 1 000 000 on 1 January 2007. The building was insured with two insurance companies, Zebra and Simba for sh 600 000 and sh 400 000 respectively. In May 2007, fire damaged the building, causing Elephant Enterprises to suffer a loss of 20% of the building value. Determine contribution made by Simba and Zebra to cover the loss.
- 23 Outline **four** benefits that accrue to a business person who uses the latest Technology in record keeping.
- 24 Visitors to the offices of Triple B Enterprises have been complaining of lack of etiquette from the secretaries. Highlight **four** measures that the secretaries can take to improve the office etiquette.
- 25 Outline **four** reasons why the government may use regulatory measures to protect

565/1
BUSINESS STUDIES
PAPER 1
OCT/ NOV 2009
2 HOURS

- 1 State four factors that may affect the geographical mobility of labour
- 2 Outline four ways in which Commercial Attaches may promote, trade between their country and others (4mks)
- 3 Amboseli Enterprises has been spending heavily on promotion of its products though its sales have consistently declined. Outline four measures **that** the company may take **to** reverse the trend. (4mks)
- 4 Write the type of demand represented by each of the following statements
(i) **Demand** for a commodity causes an increase **in** demand **for** another commodity
(ii) Demand **for** one commodity calls for demand of another commodity (2 mks)
- 5 The following balances **were extracted from** the books of Saku Traders on **31 March 2008**
Fixed assets 300,000
Current assets 123,700
Creditors 84,500
5 year loan 125,000

Determine the net worth of the business as at **31st March 2008** (4 mks)
6. Indicate the type of journal in which each of the following transactions would be recorded

	Transactions	Type of journal

(i)	Goods previously sold on credit were returned	
(ii)	Goods bought on credit	
(iii)	Goods sold on cash	
(iv)	Motor vehicle sold on credit	

(4 mks)

- 7 A trader has decided to take a loan to expand a manufacturing business. Give two reasons why it is beneficial to borrow from a non-bank financial institution (4 mks)
- 8 state four items that usually appear on the credit side of the current account of a country (4mks)
- 9 Outline four benefits that may occur- to a business from another country's politic stability (4 mks)
10. A lucrative manufacturing firm has been consistently releasing toxic wastes into the neighborhood. Outline four measures you can take to stop the firm from such malpractice (4 mks)
- 11 Outline four factors that should be considered in the choice of a means for transporting perishable goods (4mks)
- 12 Outline four circumstances under which face to face communication may be ineffective.
- 13 Highlight four benefits that would occur at a firm located near other existing firms (4 mks)
- 14 Country x has been experiencing an upward trend **in the price** of petrol as a result of a rise in inflation. State four steps that can be taken to minimize expenditure **on** this product (4mks)

15 Outline four reasons why an increase in per capita income may not necessarily lead to a rise in the standard of living of the citizens. (4mks)

16 The bookkeeper of Tande Traders extracted the following information from the accounting records.

	1,1.2007	31.122007
	Sh	Sh
Suppliers	465,000	640,000
Discount received		12,000
Purchases returns		25,000

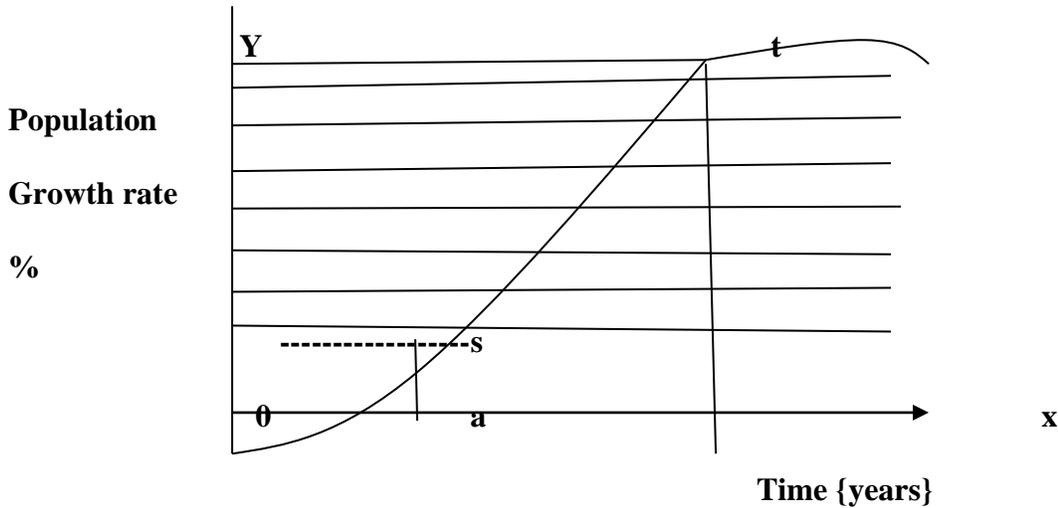
During the year ended 31.12.2007, suppliers were paid Sh 1,500,000 while cash purchases amounted to Sh 800,000

Determine the purchases for the year (5 mks)

17 Outline four circumstances that would make an office manager to replace an existing machine with a modern one (4mks)

18 Outline four reasons why hypermarkets are becoming increasingly popular in Kenya (4mks)

19 The graph below shows the rate of population growth of given country



Outline four factors that may have contributed to the trend between s and t (4mks)

20 Kazim maintains a petty cash book on weekly interest, on 1st April

2007 the cash balance was sh.2,570

During the week of April, the following transactions took place

2007

April: 2 Received reimbursements from the main cashier

3 Paid sh 3,070 for cleaning materials.

4 paid sh 2,000 bus fare

6 bought stationery worth 2,200

Prepare a petty cashbook to record the above transaction using a cleaning, stationery and bus fare columns (5 mks)

21 Highlight four circumstances under which business enterprises may choose to merge (4mks)

22 The following information relates *to* Maji Mazuri Traders as at 31.2-2008

Fixed assets	400,000
Stock	120,000
Current liabilities	60,000
Net profits for the current year	100,000

Calculate:

(i) rate of return on capital employed;
(ii) Current ratio (4mks)

23 Highlight four factors that must be considered before incurring public Expenditure (4mks)

24 Outline four benefits that accrue to the government as a result of Privatization of public enterprises. (4 mks)

25 KAMAT owned a motor vehicle, valued at sh 1,000,000. He comprehensively insured the car at Sh 800,000. The motor vehicle was involved in an accident and declared a write off. Calculate the amount KAMAT should get from the

565/1
BUSINESS STUDIES
PAPER 1
OCT/ NOV 2010
2 HOURS

1. In the spaces provided below, indicate the type of utility created by each of the following commercial activities: (4 mks)

Commercial activity

Type of utility

- (i) Selling goods to customers;
- (ii) Transporting goods;
- (iii) Storekeeping;
- (iv) Making a chair.

(5 mks)

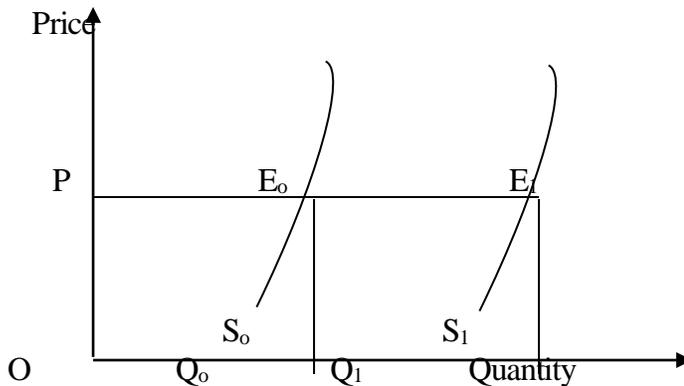
2. Give **five** reasons why the government may find it necessary to start parastatals.
3. Name the types of warehouses associated with each of the statements given below: (4 mks)

Statement

Type of warehouse

- (i) Goods can be stored before payment of customs duty.
- (ii) Individuals can hire storage facilities.
- (iii) Goods are stored from several manufacturers.
- (iv) Specialised goods are stored

4. The figure below shows a shift in the supply curve of a given commodity.



Outline **four** factors that may have caused the shift in the supply curve from S_0 to S_1

5. The balances given below relate to Enotika Traders for the year e. 31ST December 2008.

Shs		
Capital		?
2 year bank loan	230,020	
Creditors	95,200	
Fixed assets	480,000	
Current assets	145,220	
Prepare a balance sheet as at 31st December 2008.		(5 mks)

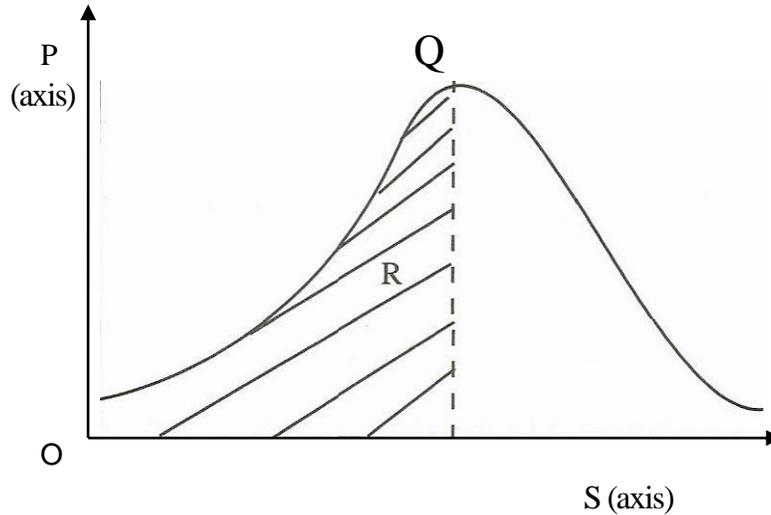
- 6. Give two reasons why a three column cashbook is used both as a journal and a ledger. (4 mks)
- 7. The management of national debt, credit control and lender of last resort are some of the functions of the Central Bank. Match these functions with the statements given below. (3 mks)

Statement	Function
-----------	----------

i.	Repayment of Government securities as they mature.	
ii.	Receipt of treasury bills to secure loans.	
iii.	Directing commercial banks on the preferred sectors to lend money.	

8. State the meaning of the following terms of sale as used in international trade: (4 mks)
- (i) LOCO.
 - (ii) C.I.R
 - (iii) F.A.S
 - (iv) F.O.Q
9. The manager of Tasa Limited constantly walks around various departments. State **four** merits of this style of management. (4 mks)
10. State **four** reasons why the government should create an enabling environment for investors. (4 mks)
11. Outline four differences between insurance and assurance. (4 mks)
12. State **four** factors that may influence the level of national income. (4 mks)
13. Outline the difference between cash and credit transactions. (2 mks)
14. The terms capital employed, working capital, owner's equity and borrowed capital are types of capital found in a business. Match each of the statements given below with the relevant type of capital. (3 mks)
- | Statement | Type of capital |
|--|-----------------|
| (i)Resources invested into the business by the owner. | |
| (ii)Excess of current assets over current liabilities. | |
| (iii)Amount invested into the business by outsiders. | |
15. Outline **four** ways in which government expenditure may stabilize the economy of a country. (4 mks)
16. State **four** problems associated with development planning. (4 mks)

- 17. State **four** services that a **wholesaler** may offer to a manufacturer. (4 mks)
- 18. State **four** reasons why flower exporters would transport their produce by air rather than by sea. (4 mks)
- 19. The diagram below represents the relationship between population and income per capita.



State what is represented by P and S axes, and letters R and Q.

(4 mks)

- 20. The following information was extracted from the books of Helen Traders;
1/1/2008 31/12/2008

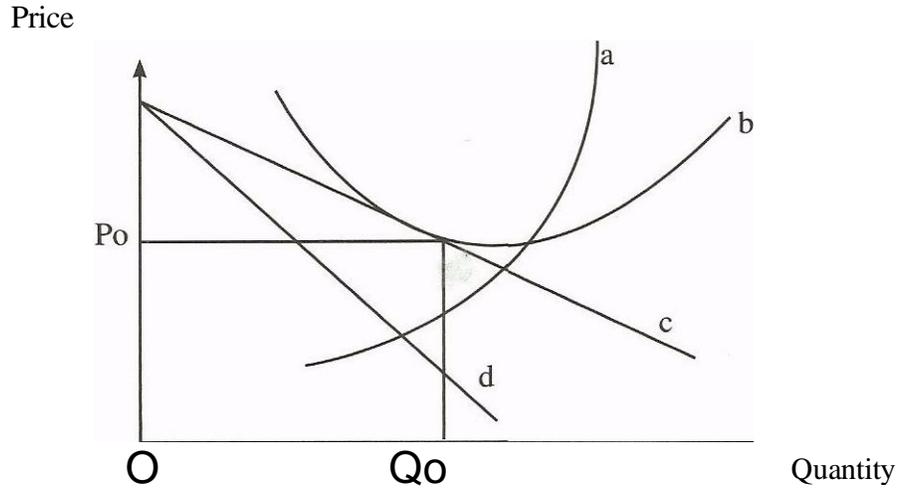
	Shs	Shs
(i) Salaries pre-paid	24,800	52,400
(ii) Salaries paid	-	48,200

Prepare a salary expense account using the above information.

(5 mks)

- 21. State **four** circumstances under which one may decide to start a personal business. (4 mks)
- 22. Highlight **four** ways in which a business idea can be implemented. (4 mks)
- 23. Outline **five** measures that a manager can take to improve the working environment in the office. (5 mks)
- 24. Highlight **four** challenges that a person may encounter when using a cellphone (mobile phone) (4 mks)

25. The diagram below represents the long-run equilibrium of a firm under monopolistic competition.



Name the curves represented by the letters a, b, c, and d

(4 mks)

565/1
BUSINESS STUDIES
PAPER 1
OCT/ NOV 2011
2 HOURS

- 1 Identify the types of wholesalers described in the statements given below: (4 mks)

- (a) A wholesaler who trades in maize grain only.
- (b) A wholesaler who supplies goods to most of the traders in Kitui, Mbooni and Machakos districts in the Eastern part of Kenya.
-
- (c) A wholesaler who buys tomatoes from farmers in rural areas and sells the same to other wholesalers in urban areas.
- (d) A wholesaler who trades in a wide variety of human medicine.
- 2 Outline **four** factors that should be considered before buying office equipment. (4 mks)
- 3 Outline **four** malpractices by traders against which consumers may need protection by the government. (4 mks)
- 4 State **three** features of an insurable interest. (3 mks)
- 5 Outline four ways of reducing the level of unemployment in Kenya. (4 mks)
- 6 State four services offered by a commercial bank to its consumers. (4 mks)
- 7 List four sources of public finance. (4 mks)
- 8 Outline four reasons why countries may trade with each other. (4 mks)
- 9 State four reasons why economic development is desirable to a country. (4 mks)
10. Indicate the reward associated with each of the factors of production in the table below.

	Factor of production	rewards
a	land	
b	labour	
c	capital	
d	entrepreneurship	

- 11 Outline **four** circumstances under which a co-operative society may be dissolved. (4 mks)
- 12 Highlight **four** features of a bonded warehouse, (4 mks)
- 13 Outline **four** factors that may be considered when measuring the size of a firm. (4 mks)

- 14 The following transactions were extracted from the books of Sarah Traders for the month of March 2006.

March 10: Purchased goods on credit worth Ksh 200,000 from Salim Traders

March 25: Sold goods on credit worth Ksh 420,000 to Shah Traders

Record the above transactions in the ledger accounts below: (4 mks)

(a) Salim traders account

--	--

(c) Shah traders account

--	--

b) Purchases account

--	--

d) Sales account

--	--

- 15 On 2nd November 2006, Oromo received an invoice for Ksh 12,000. Terms of payment were trade discount 5% and cash discount 10%, if payment is made within 30 days. Determine the amount paid if payment was made on 28th November 2006. (4 mks)

- 16 The following balances were extracted from the books of Nafula Traders as at 31st December 2005.

	Ksh
Current Liabilities	150,000
Net profit	50,000
Total assets	500,000
2 years Bank loan	100,000

Calculate the rate of return on capital.

(4 mks)

17. The information given below was extracted from the books of Amina Traders on 31st December 2006.

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

Goods were sold at a mark-up of 25%.

Using the information given above, prepare Amina Traders' Trading Account. (4 mks)

18. State four benefits that a farmer may get by transporting produce to the market by road.

(4 mks)

25

2

- 19 The table given below represents the supply schedule of sukuma wiki (kales) for eight weeks in the months of January and February 2009.

WEEK	1	2	3	4	5	6	7	8
QUANTITY (METRIC TONNES)	505	485	430	375	340	290	215	195

Outline **four** causes of the trend in the table.

- 20 Outline **four** ways in which households contribute to national income of a country. (4 mks)
- 21 Outline **four** circumstances in which a trader may use oral communication. (4 mks)
- 22 Outline **four** reasons why a firm may remain small. (4 mks)

- 23 On 1 st January 2007, Muthoni Traders Cash Book showed a credit balance of Ksh 150,000 at the bank and a debit balance of Ksh 25,250 in hand. During the month, the following transactions took place:

January 5: Made cash sales for Ksh 21,500

January 16: Received a cheque for Ksh 360,000 from a debtor.

January 28: Paid a creditor Ksh.100,000; partly by a cheque of Ksh 80,000 and the balance in cash.

Prepare a Two-column Cash Book for the month. (5 mks)

DR				CR			
Date	Details	Cash (Kshs)	Bank (Kshs)	Date	Details	Cash {Kshs}	Bank (Kshs)

- 24 State **four** benefits that a trader may get by advertising products in a newspaper. (4 mks)

565/1
BUSINESS STUDIES
PAPER 1
OCT/ NOV 2012
2 HOURS

1. Outline **four** circumstances under which cash with order may be used.
2. State **four** benefits that a farmer may derive from being a member of a Producer Co-operative Society (4 mks)
3. Highlight **three** benefits of globalization to a business enterprise. (3mks)
4. Highlight **four** ways in which consumers may protect themselves against exploitation by traders. (4 mks)
5. Outline **one** circumstance under which each of the following telecommunication services may be used: (3 mks)
 - (i) Paging
 - (ii) Facsimile (fax)
 - (iii) Radio call
6. The following information was extracted from the books of Marigi Traders on 30th June 2009.

Item	Shs.
Purchases	720,000
Opening stock	165,000
Closing stock	?
Sales	980,600
Margin	20%

Prepare the Trading Account of Marigi Traders for the year ended 30th June 2009.

(5 mks)

7. Outline **four** tools of monetary policy that a government may use to reduce excess money in circulation. (4 mks)
8. Outline **one** circumstance under which each of the following types of inflation may occur: (4 mks)

27

2

- (i) Creepinginflation
- (ii) Hyperinflation

9. State **four** forms of economic integration that may exist between countries. (4 mks)
10. Highlight **four** problems of development planning that a country may experience. (4 mks)
11. Nyaboke operates a shop in a farming area. State **four** ways in which the farming community can benefit from the business activity. (4 mks)
12. Outline **four** features of indirect production.
13. State **four** factors that may lead to the success of a business. (4 mks)
14. State **four** ways in which a good filing system may facilitate the operations in an office. (4 mks)
15. Highlight **four** benefits that a country gets by encouraging trade among her citizens. (4 mks)
16. Outline **four** challenges that may be encountered when measuring national income using the output approach. (4 mks)
17. Highlight **four** measures that a government may take to reduce the mortality rate in a country. (4 mks)
18. The following balances were extracted from the books of Highlife General Stores on 31st December 2008:

Item	Shs.
Land and buildings	650,000
Stock	470,000
Bank overdraft	80,000
Debtors	350,000
10 year Bank Loan	500,000
Creditors	220,000
Cash	50,000
Motor Van	150,000
Capital	?

(5 mks)₂₈

Prepare the balance sheet of Highlife General Stores as at 31st December, 2008.

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

Statement	Type of Entry
(i) An increase in revenue	
(ii) A decrease in an asset	
(iii) An increase in an expense	
(iv) A decrease in liability	

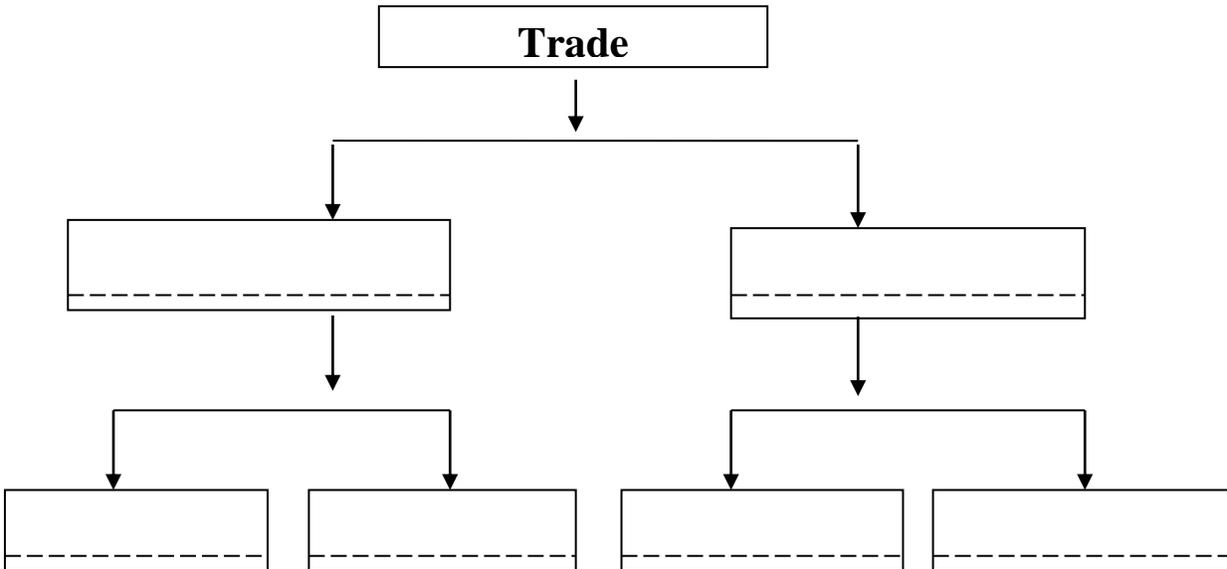
20. In the spaces provided in the table below, name the document **Jambi Ltd.** would issue under the circumstances described: (4 mks)

Circumstance	Document to issue
(i) Jambii Ltd sold goods worth Sh. 54,000 on credit to Jamilar Traders.	
(ii) Osuri Enterprises which had bought goods worth Sh 27,000 was erroneously charged for only Shs 25,000.	
(iii) Guru Traders paid Shs 33,900 by cheque to Jambi Ltd. for goods which had been supplied	
(iv) Goods sold to Jamilar Traders had been overpriced by Shs 4,000.	
21. Outline four conditions under which a warehouse may be considered to be operating efficiently. (4 mks)	
22. Highlight four advantages of promoting sales through the internet. (4mks)	
23. Zawadi operates a hardware business in her home town. Outline four methods she may Use to determine prices for her goods other than the forces of demand and supply (4 mks)	

24. Highlight **four** factors that a firm may consider when deciding on the goods to produce (4 mks)
25. State **four** features of a perfectly competitive market. (4mks)

565/1
BUSINESS STUDIES
PAPER 1
OCT/ NOV 2013
2 HOURS

1. Outline **four** ways in which business studies may be of benefit to an individual. (4mks)
2. Highlight **four** external factors that may negatively influence the operations of a business. (4mks)
3. State **four** characteristics of a successful entrepreneur. (4mks)
4. State **four** functions of an office. (4mks)
5. Fill the relevant branches of trade in the diagram given below; (3mks)



6. The participants in a two sector economy are households and firms. Identify the relevant participants in each of the statements given below: (4mks)

Statement	Participant
a. Payment for goods and services	a.
b. sale of factors of production	b.
c. payment for factors of production	c.

d. sale of goods and services	d.
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7. The following balances were extracted from the books of Wekesa Traders on

31st December, 2009.

Items	Shs
Capital	500,000
Cash in hand	20,000
Buildings	200,000
Furniture	25,000
Motor vehicle	400,000
Creditors	18,000
Debtors	36,000
Bank	100,000
Bank loan	263,000

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

8. The following information relates to Karibu traders for the year ended 31st December 2008.

Details	Shs
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 information given above. (4mks)

9. State the type of unemployment relating to each of the following descriptions: (4mks)

- (a) Caused by alternating trading patterns occurring at similar times.
- (b) Arises where workers have more skills and higher qualifications than the job requirements.
- (c) Arises out of a mismatch between the skills possessed by potential employees and the location of the jobs available.
- (d) Arises when people are unwilling to take up jobs due to low pay.

10. Highlight four circumstances under which the capital of a business may change.(4mks)

11. Below are some entries in the cash book of Romano Traders for the month of July 2010.

Dr		CASHBOOK				Cr	
Date	Details	Cash	Bank	Date	Details	Cash	Bank

(2010)		(Shs)	(Shs)			(Shs)	(Shs)
July 1	Bal b/d	15,000		July 1	Bal b/d		100,000
July 6	Cash		20,000	July 6	Bank	20,000	
July 20	Sales		15,000	July 15	Wages	5,000	
July 28	Debtors	20,000		July 29	Stock		10,000
				July 31	Bal c/d	10,000	

State the meaning of the following entries: (4mks)

- (a) July 1, 2010 Balance b/d, bank column, shs 100,000
- (b) July 6, 2010 cash shs 20,000 and bank shs 20,000

- (c) July 28, 2010 debtors shs 20,000
- (d) July 31, 2010 Balance c/d shs 10,000

12. Outline **one** circumstance under which each of the following source documents may be issued by a trader: (4mks)

- (a) Debit note
- (b) Invoice
- (c) Credit note
- (d) Quotation

13. Name **four** documents that may be required by the registrar of companies in order to register a public limited company. (4mks)

14. Outline **four** measures that a country can take to reduce the level of inflation. (4mks)

15. Outline **four** factors that may make a producer to by-pass the wholesaler when distributing goods. (4mks)

16. Highlight **four** benefits that a country would get by developing her infrastructure. (4mks)

17. State **four** benefits of a bonded warehouse to the government. (4mks)

18. Outline **four** qualities of a successful salesperson. (4mks)

19. Highlight **four** factors that may cause the supply curve to shift to the right. (4mks)

- 20. Outline **four** positive effects that production activities may have on community health. (4mks)
- 21. State **four** basic features of a market. (4mks)
- 22. Outline **four** features of a parastatals. (4mks)
- 23. Outline **four** circumstances in which the government may be involved in business. (4mks)
- 24. Highlight **four** factors that a trader may consider when choosing a means of transport. (4mks)
- 25. State **four** reasons for privatizing public corporations. (4mks)

565/1
BUSINESS STUDIES
PAPER 1
OCT/ NOV 2014
2 HOURS

- 1. The following are descriptions of features of human wants. Identify the features that relate to the descriptions in the spaces provided. (4 marks)

	Description	Feature
(a)	A person is unable to fully satisfy all wants.	
(b)	Once satisfied, they have a tendency of being felt again.	
(c)	Some wants are satisfied together	
(d)	The same want can be satisfied using different resources.	

- 2. Name **two** occupations that relate to each of the production activities given below: (3 marks)

(a)	Extraction	(i)	
		(ii)	
(b)	Construction	(i)	
		(ii)	
(c)	Direct service	(i)	
		(ii)	

3. Outline **four** tasks that may be carried out by a receptionist in an office. (4 marks)

4. Highlight **four** circumstances in which a cheque may be used as a means of payment. (4 marks)

5. Highlight **four** activities that may be carried out in a stock exchange market. (4 marks)

6. Outline **four** features of liners in sea transport. (4 marks)

7. State **five** types of information that a manager may communicate to the juniors. (5 marks)

8. Explain the meaning of the following terms: (4 marks)

(a) Insured

(b) Insurance

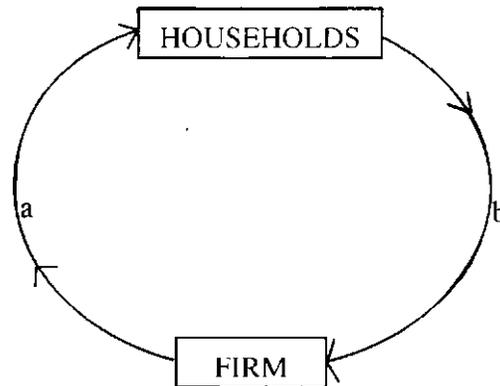
9. In the spaces provided below, indicate whether the following factors cause movement along the demand curve or a shift of the demand curve. (3 marks)

	Factor	Movement along or shift of
(a)	Change in income.the demand

		curve.
(b)	Change in price.the demand curve.
(c)	Change in weather.the demand curve.

10. Highlight **four** roles played by the broker in the chain of distribution. (4 marks)

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



Identify **two** factors represented by each of the arrows labelled a and b. (4 marks)

12. Fill in the missing figures in the table below: (4 marks)

	FA	CA	C	L
(a)	275,500		315,000	115,500
(b)	182,000	108,700		217,100
(c)		76,400	123,100	91,900
(d)	313.450	211,340	189,170	

13. Mheshimiwa Ltd. had the following ledger account balances as at 31st May 2010:

Details	Shs.
---------	------

Purchases	3,880
Sales	3,350
Returns outwards	150
Returns inwards	160
D. Simola (Debtor)	2,550
P. Mwende (Creditor)	3,100
Wages	800
Cash	960
Capital	1,750

Following is a format of the debit side of a three-column cash-book:

14. following is a format of the debit side of a three-column cash-book:

DATE		V	W	X	Y

Name the columns labelled V, W, X and Y. (4 marks)

15. Outline **four** functions of the International Bank for Reconstruction and Development. (4 marks)

16. State **four** disadvantages of barter trade. (4 marks)

17. The following transactions relate to Jelimo Stores:

- (a) 10th October 2010, sold unused stationery for Sh 3,000 on credit to K. Likia.
- (b) 23rd October 2010, bought a motor vehicle on credit from Onjwaria Motors for Sh 700,000.

Required: Record the above transactions in the general Journal given below: (4 marks)

Date	Particulars	Folio	Dr.	Cr.

18. List four levels of inflation (4 marks)

19. Many countries in Africa, Latin America and Asia are considered to be under-developed. Outline **four** characteristics they have in common. (4 marks)
20. Madam Emoro operates a matatu business. State **four** factors in the internal environment that may influence the business. (4 marks)
21. Highlight **four** reasons for which businesses should observe ethical practices. (4 marks)
22. State **four** merits of promoting products through personal selling. (4 marks)
23. The following information relates to Kiboko Traders as at 31st December 2010.

Details	Shs
Total drawings	400,000
Added investments	800,000
Capital on 31 st Dec 2010	7,000,000
Profit	3,100,000

Calculate Kiboko's initial capital. (3 marks)

24. Outline **four** positive implications of a youthful population to an economy. (4 marks)
25. PQ Ltd had the following balances as at 31st December 2012.

Sales	23498000
Stock 1/1/2012	57,140
Return inwards	27,200
Purchases	162,900,000
Stock 31/12/2012	86340

Prepare PQ's Trading Account for the year ended 31st December 2012. (5 marks)

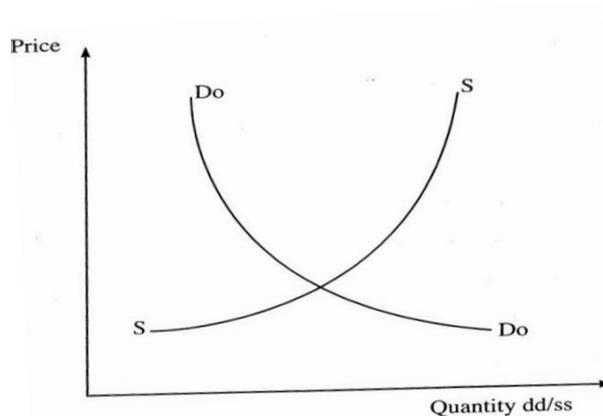
PAPER 1
OCT/ NOV 2015
2 HOURS

1. What are the reasons that would make an individual engage in business? (4mks)
2. List four types of utility and the production activity associated with each of them. (4mks)
3. Outline four ways in which the office facilitates effective handling of documents. (4mks)
4. Highlight four factors that may influence a consumer to purchase products from a kiosk rather than a supermarket. (4mks)
5. State four circumstances under which hire purchase may be used to acquire goods.(4mks)
6. Give four reasons for the increased use of mobile phones in banking (4mks)
7. Outline four methods that the Government of Kenya uses to regulate business activities. (4mks)
8. State four disadvantages of using internet as a means of communication. (4mks)
9. State four differences between life assurance and general insurance. (4mks)
10. Give four reasons for observing ethical practices in product promotion. (4mks)

Life Assurance

General Assurance

11. The graph given below represents the demand and supply curves of milk: (4mks)



State four effects of a shift of the demand curve to the right. (4mks)

12. Outline four disadvantages that a manufacturer would suffer if wholesalers were eliminated from the chain of distribution. (4mks)

13. The following balance sheet was incorrectly prepared:

**PEMBE TATU TRADERS
BALANCE SHEET
FOR THE YEAR ENDED 31.12.12**

	KSH		ksh
Stock	5000	Furniture	50,000
Bank overdraft	5000	Debtors	7000
Cash	<u>9,000</u>	Capital	<u>66000</u>
	<u>19,000</u>		<u>123, 000</u>

Prepare a corrected balance sheet. (4mks)

14. The following figures relate to jumbo Traders for the year ended 31.12.13

Details	kshs
Capital (31.12.13)	940,000
Net loss	20,000
Additional investment	420,000
Monthly drawings	5,000

Determine the capital as at 1.01.13 (4mks)

15. Identify the ledgers in which the following accounts are maintained. (5mks)

ACCOUNT	LEDGER
Pendo(Debtor)	
machinery	
Rent	
Capital	
Juma(creditor)	

16. List three levels of inflation (3mks)

17. Name the documents described by the statements given below as used in international trade: (4mks)

- a) Requests for payment before goods are delivered
- b) Shows ownership or title of goods imported
- c) Shows the country of manufacture of goods
- d) Shows the transportation charges for goods

18. The following purchases returns journal relates to farasi traders:

PURCHASES RETURNS JOURNAL				
DATE	DETAILS	INVOICE NO.	FOLIO	AMOUNT
2012				
MARCH				KSH
1	junior	R22	PL1	2000
3	Mimi supplies	100	PL2	4000
4	Kilimanjaro	30	PL5	5000
			GL4	11,000

Post the information above to the relevant ledger accounts. (4mks)

19. Outline four goals of development to a country. (4mks)

20. The following information relates to kahawa Traders as at 31st December 2012.

Stock 1.1.12 ksh 80,000
Stock 31.1.12 ksh120, 000
Purchases ksh1, 000,000
Margin 20%

Required:

Prepare a trading account. (5mks)

21. State four reasons that make it necessary for firms to maintain a healthy environment. (4mks)

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

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

24. In which ways can an investor benefit from the stock exchange? (4mks)

25. State three clauses found in the memorandum of Association. (3mks)

565/1
BUSINESS STUDIES
PAPER 1
OCT/ NOV 2016
2 HOURS
565/1

- 1.State four external factors that may negatively influence the operations of the business (4 marks)
- 2.Highlight four benefits of a business plan to an entrepreneur (4 marks)
- 3.State four ways in which a good filing system may facilitate the operations of an office (4marks)
- 4.Highlight four activities that may be carried out in a stock exchange market (4 marks)
- 5.Outlien four circumstances under which a cooperative society may be dissolved (4 marks)
- 6.Outline four methods that the government of Kenya uses to regulate business activities. (4 marks)
- 7.State four ways in which a youthful population may be useful to an economy (4 marks)
- 8.Outline one circumstance under which each of the following telecommunication services may be used (4 marks)
 - i)Paging
 - ii)Facsimile (fax)
 - iii)Radio call
 - iv)Telex

9..The following transactions relate to Jelimo Stores:

- (a) 10th October 2015 sold unused stationery for Sh 3,000 on credit to K. Likia.
- (b) 23rd October 2015, bought a motor vehicle on credit from Onjwaria Motors for Sh 700,000.

Required: Record the above transactions in the general Journal given below: (4 marks)

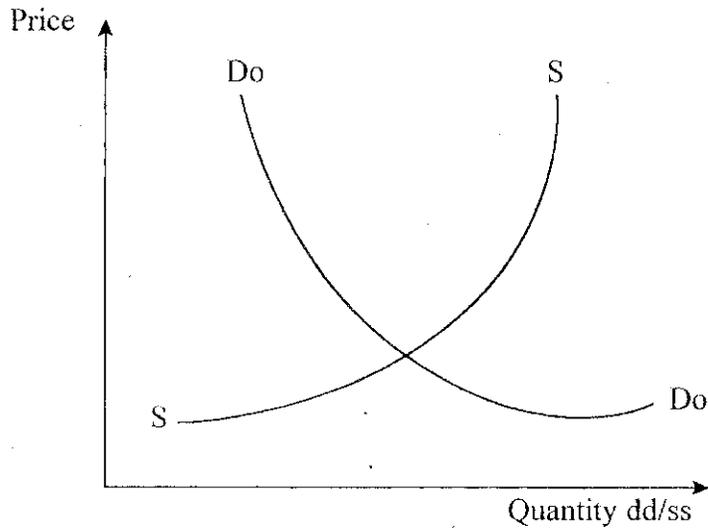
Date	Particulars	Folio	Dr.	Cr.

10. • State four features of an insurable interest, (4 marks)

11.State four features of a parastatal

(4 marks)

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



State four effects of a shift of the demand curve to the right

(4 marks)

13.Outline four functions of the world bank

(4 marks)

14.Outline four ways of reducing the level of unemployment in Kenya

(4 marks)

15. The following balances were extracted from the books of Highlife General Stores on 31st December 2015.

Item	Ksh
Land and buildings	650,000
Stock	470,000
Bank overdraft	80,000
Debtors	350,000
1 0 year Bank Loan	500,000
Creditors	220,000
Cash	50,000
Motor Van	150,000

Capita!	9
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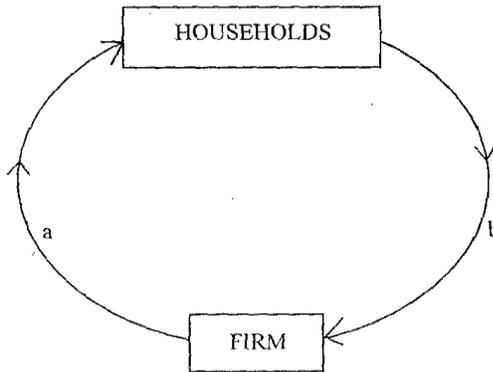
Required: Prepare the balance sheet of Highlife General Stores as at 31st December 2015. (4 marks)

16. Outline four circumstances in which the government may be involved in business. (4 marks)

17. Identify the ledgers in which the following accounts are kept (4 marks)

ACCOUNT	LEDGER
i) Pendo (debtor)	
(ii) Machinery	
(iii) Rent	
(iv) Capital	

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



Identify two factors represented by each of the arrows labeled a and b (4 Marks)

19. State four reasons for privatizing public corporations.

20. State four reasons for the increases use of cell phones in banking (4 marks)

21. List four sources of public finance (4 marks)

22. State two situations in which each of the following types of inflation may occur

i) Creeping inflation (2marks)

ii) Hyperinflation (2 marks)

23. Outline four factors that may make a producer to by-pass the wholesaler when distributing goods (4 marks)
24. Outline four goals of development to a country (4 marks)
25. Outline four characteristics of services. (4 marks)