

# BUSINESS STUDIES P 1

1. Outline **Four** ways in which business studies may be of benefit t to an individual. (4 mks)

(a).....

(b).....

(c) .....

(d).....

2. Highlight four external factors that may negatEVERY influence the operation of a business. (4mks)

(a).....

(b).....

(c) .....

(d).....

3. State four characteristics of a successful entrepreneur (4mks)

(a).....

(b).....

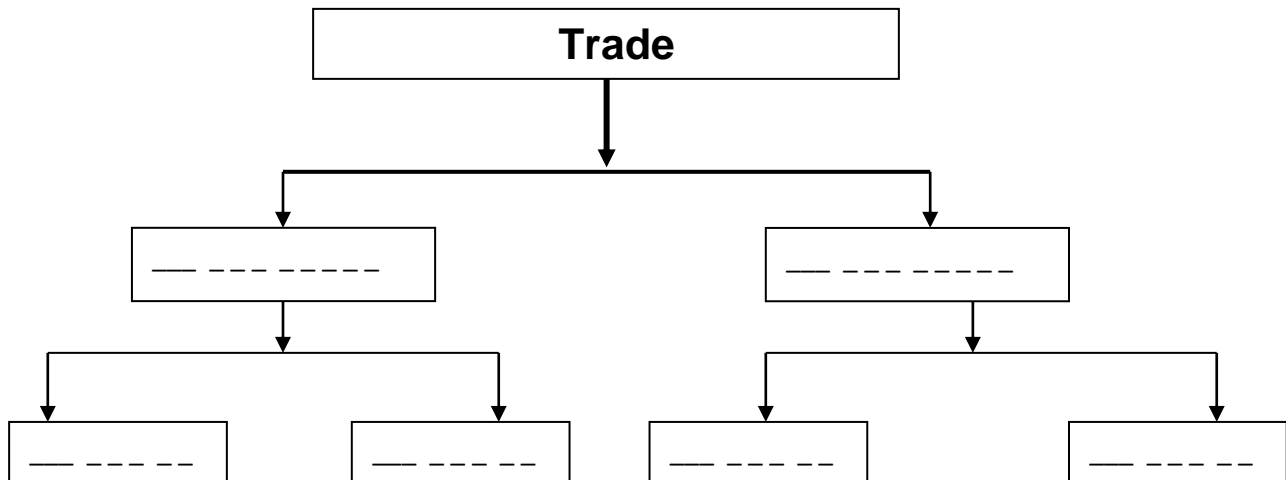
(c) .....

(d).....

5. State **four** functions of an office. (4 marks)

- (a).....
- (b).....
- (c).....
- (d).....

6. Fill the relevant branches of trade in the diagram given below: (3 marks)



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

| 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.          |

7. The following balances were extracted from the books of Wekesa Traders on 31<sup>st</sup> 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 31<sup>st</sup> December, 2009.

(5 marks)

8. The following information relates to Karibu traders for the year ended 31<sup>st</sup> 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.

(4 marks)

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

- (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. (4 marks)

(a)

.....  
 .....

(b)

.....  
 .....

(c)

.....  
 .....

(d)

.....  
 .....

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

| Dr          |         |            |            | CASH BOOK |         |            |            | Cr |  |  |  |
|-------------|---------|------------|------------|-----------|---------|------------|------------|----|--|--|--|
| Date (2010) | Details | Cash (Shs) | Bank (Shs) | Date      | Details | Cash (Shs) | Bank (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:

- (a) July 1, 2010 Balance b/d, bank column, shs 100,000 (4 marks)
- (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: (4 marks)

(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. (4 marks)

(a) .....

(b) .....

(c) .....

(d) .....

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

(a)

.....

(b)

.....

(d)

.....

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

(a)

.....

(b)

.....

(c)

.....

(d)

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

- (a) .....
- (b) .....
- (c) .....

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

- (a) .....
- (b) .....
- (c) .....
- (d) .....

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

- (a) .....
- (b) .....
- (c) .....
- (d) .....

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

- (a) .....
- (b) .....
- (c) .....
- (d) .....

20. Outline **four** positive effects that production activities may have on community health. (4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

21. State **four** basic features of a market. (4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

22. Outline **four** features of a parastatal. (4 marks)

- (a) .....
- (b) .....
- (c) .....
- (d) .....

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

- (a) .....
- (b) .....
- (c) .....
- (d) .....

24. Highlight **four** factors that a trader may consider when choosing a means of transport. (4 marks)

(a) .....

(b) .....

(c) .....

(d) .....

25. State **four** reasons for privatizing public corporations. (4 marks)

(a) .....

(b) .....

(c) .....

(d) .....



## KCSE BUSINESS STUDIES p2

1. (a) Explain **five** benefits that may accrue to a country with a large proportion of skilled labour force. (10 marks)
- (b) Outline **five** characteristics of an efficient tax system. (10 marks)
2. (a) Explain **five** benefits that Kenya may get as a member of C.O.M.E.S.A. (10 marks)
- (b) Explain **five** factors that may hinder economic development in Kenya. (10 marks)
- 3 (a) Explain **five** benefits that may be realized by a country as a result of government polic to relocate industries to rural areas. (10 marks)
- (b) The following balances were extracted from the books of Soilo Traders on 31<sup>st</sup> December 2010.

|                  | <b>Shs</b> |
|------------------|------------|
| Machinery        | 360,000    |
| Furniture        | 430,500    |
| Sales            | 500,000    |
| Opening stock    | 75,000     |
| Closing stock    | ?          |
| Purchases        | 395,000    |
| Rent income      | 72,000     |
| General Expenses | 60,000     |
| Debtors          | 62,250     |
| Creditors        | 101,550    |
| Bank             | 202,000    |
| Cash             | 88,800     |
| Capital          | 1,000,000  |

Additional information:

Gross profit margin is stated at 40%.

Prepare:

- (i) Trading, Profit and Loss Account for the year ended 31<sup>st</sup> December 2010. (5½ marks)
- (ii) Balance sheet as at 31<sup>st</sup> December 2010. (4½ marks)

4. (a) Explain **five** advantages of advertising to the consumer. (10 marks)

(b) On 1<sup>st</sup> January 2011, Jumo Traders had shs 22,500 in cash and shs 250,000 at bank. During the month, the following transactions took place:

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

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

5.(a) Outline **six** circumstances under which a trader may use air transport. (12 marks)

b) Explain **four** ways through which a public limited company may be dissolved. (8 marks)

6. a) With the aid of a diagram, explain the effect of an increase in the supply of a commodity while its demand remains constant. (10 marks)

(b) Explain **five** features of oligopoly. (10 marks)