3.29 BUSINESS STUDIES (565)

3.29.1 Business Studies Paper 1 (565/1)

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 services	(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 .....

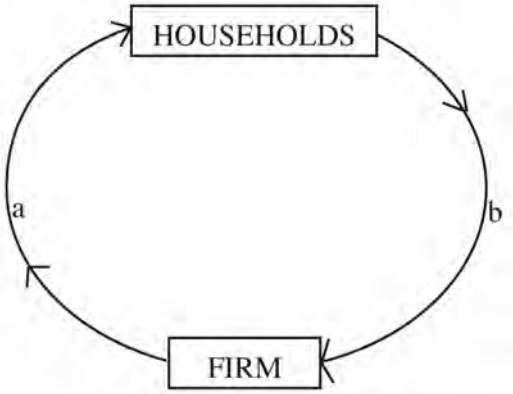
(b) Insurance .....

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

Required: Prepare Mheshimiwa's trial balance as at 31st May 2010. (5 marks)

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

Dr.

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 31st 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.

	Shs
Sales	23 498 000
Stock 1/1/2012	57 140
Returns Inwards	27 200
Purchases	16 290 000
Stock 31/12/2012	86 340

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

1 (a) Explain **five** benefits that a firm may enjoy by preparing a business plan. (10 marks)

(b) Explain **five** demerits that a country may suffer when the government becomes a major investor in business. (10 marks)

2 (a) On first January 2012, Ndovu Traders had shs 30,000 in cash and shs 75,000 at the bank. During the month, the following transactions took place:

January 2nd: Bought goods in cash worth shs 15,500
5th: Received cash from Chui shs 23,750 after allowing 5% cash discount.
8th: Withdrew shs 8,900 from the bank for personal use.
11th: Maro, a debtor settled her account of shs 16,800 by a cheque of shs 16,000.
15th: Sales amounted to shs 24,250 in cash.
17th: Paid Furaha traders shs 29,100 in cash in full settlement of their account less 3% cash discount.
20ih: Withdrew shs 15,000 from the bank for business use.
22nd: Koko a debtor, settled her account of shs 40,000 by cheque less 2.5% cash discount.
25th: Paid wages shs 21,000 in cash.

Required:
Prepare a duly balanced three column cash book. (12 marks)

(b) Explain **four** reasons for which traders observe ethical practices in product promotion. (8 marks)

3 (a) Explain **five** objectives that may be achieved by establishing firms in different parts of the country (10 marks)

(b) Describe **five** accounting documents that are used in home trade. (10 marks)

4 (a) The following information relates to Bahati enterprises:

Details	Shs
Stock 1st January 2012	430,000
Purchases	930,000
Sales	1,155,000
Carriage outwards	25,000
Carriage inwards	10,000
Returns outward	20,000
Returns inwards	30,000
General expenses	100,000
Insurance	25,000
Stock 31st December 2012	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)

(b) Explain **five** guidelines that should be followed by the government in its expenditure. (10 marks)

5 (a) Explain **five** disadvantages that a developing country may suffer by liberalizing foreign trade. (10 marks)

(b) Explain **five** features of monopolistic competition. (10 marks)

6 (a) Apart from selling shares, explain **five** sources of finance for a public limited company. (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)