BUSINESS STUDIES PP1, MOCK SERIES 1,

K.C.S.E TOP EXAMINERS' 10 QUESTION PAPERS



BUSINESS STUDIES PP1, MOCK SERIES 1, K.C.S.E TOP EXAMINERS' 10 QP

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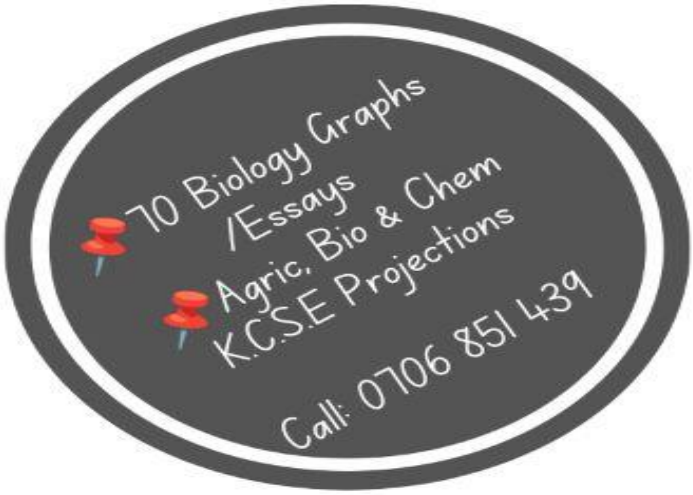



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K.C.S.E TOP EXAMINERS' MOCK SERIES 1

QUESTION PAPER NO: 1

565/1

Business studies

Paper 1

2 Hours

1. Identify the rewards of the following factors of production. **(4Marks)**

FactorReward

(a) Limestone ……..

(b) Teacher ……..

(c) Exchange of goods ……..

(d) (d) Landlords ……..

2. Outline **four**circumstances under which a firm would be located near the market for its product. **(4Marks)**

3. State **four** unethical practices that traders should avoid in product promotion. **(4Marks)**

4. Nzundu and Theku bought a building for Kshs 12,000,000. Nzundu paid Ksh 8,000,000 while Theku paid Ksh 4,000,000. The building was insured for 8,000,000 against the risk of fire. Later the building was partially destroyed by fire to a tune of Kshs 6,000,000.

(a) State the amount of compensation likely to be paid by the insurance company. **(2Marks)**

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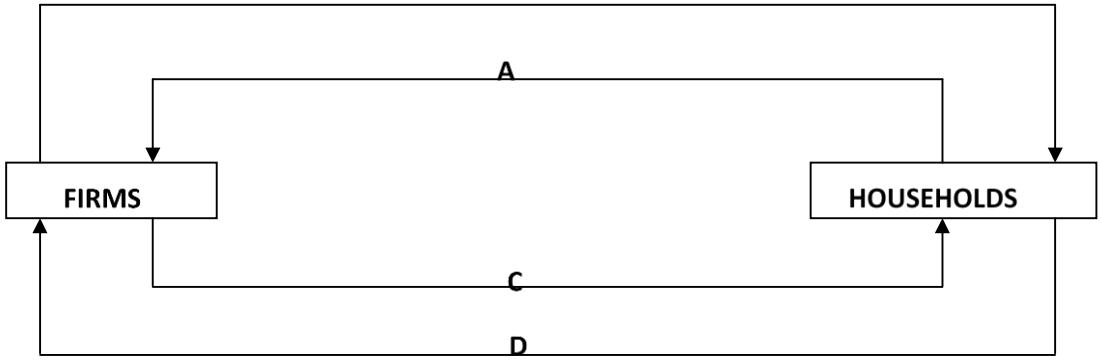
(b)Give a reason for your answer. **(1Mark)**

(c) Calculate the amount of compensation that each one will receive based on their capital contributions. **(2Marks)**

5. Outline **three** reasons why a seller may prefer cash with order (C.W.O) Policy in its operation. **(3Marks)**

6. Study the diagram below and answer questions that follow.

B



(i) What does this diagram represent? (1Mark)

(iii) Identify what letters A,B,C,D, represent. **(4 Mark)**

7. The final capital for Mulendu's business for the year ended 30th June 2005 was Kshs90, 000. During the trading period he made a loss of Kshs5000 and the additional investment of Kshs46, 000 and drawings of Kshs5, 100. Calculate the initial capital. **(3Marks)**

8. The per capita income in a country X was £350 in January 2010. At the end of the year the per capita income had increased to £420. State **four** reasons why the standards of living of the people in the country X may not have risen during the year. **(4Marks)**

9. Highlight **four** reasons why motorbikes are quickly replacing bicycles as the choice for clients in transport. **(4Marks)**

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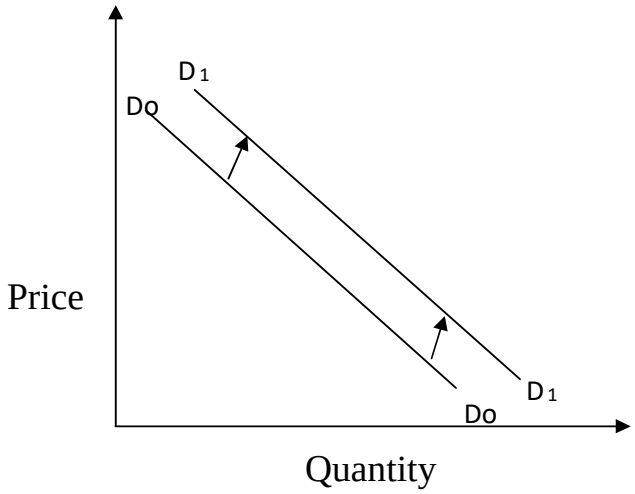
10. The diagram below shows a demand curve DoDo and D_ID_I. Highlight **four** factors to account for the above shift. (4Marks)



11. A business opportunity exists where there is a gap to be filled in the market. State **four** situations that may create a gap. **(4Marks)**

12. State **four** factors that may limit an individual's ability to satisfy his basic human wants. **(4Marks)**

13. The following details relate to Kasongo Traders as at 31. 12. 05 Shs.

Sales	300,000
Stock (1/1/05)	45,000
Stock (31/12/05)	35,000
General expenses	25,000
Capital	400,000
Margin	25%

Calculate;

(a) Purchases **(2Marks)**

(b) Net profit **(1Mark)**

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(c) Rate of turnover **(1Mark)**

(d) Rate of return on capital **(1Mark)**

14. State **three** reasons why people hold money. **(3Marks)**

15. Name **four** features that distinguish economic growth from economic development. **(4Marks)**

16. Outline **four** circumstances under which partnership may be dissolved. **(4Marks)**

17. As a banker to the government state **four** services that the central Bank renders to the government. **(4Marks)**

18. The following transaction relate to Mawoo traders. Indicate the accounts to be debited and credited. **(4Marks)**

Transactions	**Account to be debited**	**Account to be credited**
(a) Withdraw cash from the bank for office use.		
(b) Bought goods on credit		
(c) Took shs 500,000 from the cash till to pay his son's dowry		
(d) Converted his lorry into business motor vehicle.		

19. Highlight **four** circumstances under which a manufacturer would not require substantial warehousing. **(4Marks)**

20. State **four** uses of an invoice to a seller of goods. **(4 Marks)**

21. Outline **four** errors which do not affect the agreement of a trial balance. **(4 Marks)**

22. March the accounts below with the appropriate types of ledger wherein they are kept. **(4 Marks)**

(a) Returns inwards ……..

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(b) Drawings ……

(c) Bank ……

(d) Discount received ……

23. Enter the following transactions is the two-column cash book of Katundu traders given below. **(4Marks)**

2011

Feb 10 - Paid a creditor Shs.7, 500 by cheque

20 - Received Shs.5, 000 in cash from Muthiani a debtor

25 - Deposited Shs.12, 500 into a bank

28 - Paid wages Shs.2, 400 in cash

24. Mbula and Musengya have each taken life assurance cover. State **four** reasons why Mbula is to pay higher premiums than Musengy'a. **(4 Marks)**

25. State **four** reasons why short message services (SMS) are replacing letters as a way of communication **(4Marks)**

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K.C.S.E TOP EXAMINERS' MOCK SERIES 1

QUESTION PAPER NO: 2

565/1

BUSINESS STUDIES

PPAER 1

2 HOURS

1. State four disadvantages of using cheques to make payments **(4mks)**

2. List any four types of books of original entry **(4mks)**

3. State four ways that may be used to control the amount of money in circulation by the central bank of Kenya **(4mks)**

4. Highlight four factors that must be considered before incurring public expenditure **(4mks)**

5. State the various types of market structures **(4mks)**

6. Kenya is currently grippling from constant rise in price of petroleum advise the government on the alternative sources of energy **(4mks)**

7. Outline four reasons why the government of Kenya is encouraging the development of micro-business enterprises **(4mks)**

8. The rate of inflation in Kenya currently stands at 6.5%. pin point some of the causes of inflation **(4mks)**

9. State four negative effects of the current alcohol control act popularly known as the 'Mututho law' in the country **(4mks)**

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10. The following information was extracted from the books of Saachi traders as at 31/1/2011

Stock (31.1.2011)	127,000
General expenses	100,500
Commission income	75,000
Discount allowed	45,000
Carriage inwards	17,500
Accrued rent	15,000
Sales	200,000

Required: A trial balance as at 31/1/2011 **(4mks)**

11. Differentiate between liners and tramps **(4mks)**

12. State the advantages of a bonded warehouse **(4mks)**

13. Highlight four circumstances under which a life assurance policy might come to an end **(4mks)**

14. Outline four circumstances under which a firm can use competitive advertising **(4mks)**

15. Indicate the effects of each of the following business transactions on assets, liabilities and capital by putting (+) for increase and (-) for decrease in value

Transaction	Assests	Liabilities	Capital
(a) Withdrew money from			
bank for personal use			
(b) Bought a car valued at ksh 300,000 for the business			
(c) Paid outstanding salaries ksh 60,000 by cheque			
(d) Bought a computer worth ksh 45,000 on credit from Mayai traders			

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16. In each of the following cases, state the type of unemployment described **(4mks)**

(a) People losing work due to lack of factor mobility

(b) Several people doing work that could be done by only one person

(c) People remaining unemployed at certain times of the year

(d) Workers placing themselves out of employment

17. Outline four reasons why direct production is common in Kenya **(4mks)**

18. Outline the roles played by licensing as a government regulatory tool **(4mks)**

19. State any four factors that can contribute to the success of business in a certain area **(4mks)**

20. State the reasons why the study of Business studies is important to a businessman (4mks)

21. Under what circumstances would the value of stock change in a business **(4mks)**

22. State four factors that affect demand of a product **(4mks)**

23. State four features of effective communication **(4mks)**

24. State four benefits of locating a firm near the source of raw materials **(4mks)**

25. The following information relates to Q.M traders for the month of January 2008

2 Jan 2008, Withdrew sh 50,000 from the bank for office use

14 Jan 2008, Paid the following expenses in cash: Stationary ksh 6000, water ksh 3000.

28 Jan 2008, paid sh 1400 by cheque for repairs of office equipment Open relevant ledger accounts and record the transactions above.

(Balancing of ledger accounts not required) **(4mks)**

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K.C.S.E TOP EXAMINERS' MOCK SERIES 1
QUESTION PAPER NO: 3

565/1
Business Studies
Paper 1
Time: 2 Hours

1. State **four** factors a retailer should consider before extending credit to customers. **(4 Marks)**

2. Write down the type of demand represented by each of the following statements. **(3 Marks)**

i) Demand for mobile phones causes demand for airtime vouchers.

ii) Demand for buildings causes an increase in demand for building stones.

iii) Increased demand for solar energy causes decreased demand for kerosene fuel.

3. Outline **four** ways in which partners may be classified in their business. **(4 Marks)**

4. State **four** reasons why bulk of international trade is carried out by sea. **(4 Marks)**

5. State **four** malpractices that government need to protect consumers against. **(4 Marks)**

6. Outline ways in which Kenya can use her natural resources economically for maximum benefit. **(4 Marks)**

7. Highlight **four** reasons that make an organization to continue using old technology in the office. **(4 Marks)**

8. Highlight **four** circumstances underwhich the nature of the massage may influence the choice of a medium of communication. **(4 Marks)**

9. State **four** measures that the owner of a warehouse may take to ensure its smooth operations. **(4 Marks)**

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10. Outline benefits that may accrue to a business from a country's political stability. **(4 Marks)**

11. Give **four** factors to be considered by an insurance firm before determining premiums in life assurance **(4 Marks)**

12. Highlight **four** benefits that accrue to a firm located near other existing firms.**(4 Marks)**

13. State **four** unethical practices in product promotion. **(4 Marks)**

14. Outline **four** reasons why an increase in per capita income may not necessarily lead to a rise in the standards of living of the citizens. **(4 Marks)**

15. Outline essential features of a market. **(4 Marks)**

16. A manufacturing company is releasing petroleum waste in nearby rivers. Outline **four** measures you can take to stop the company from such malpractice. **(4 Marks**)

17. Mention **four** benefits of having intermediaries in a distribution channel.**(4 Marks)**

18. State **four** items that usually appear on the debit side of the current account of a country. **(4 Marks)**

19. Highlight **four** disadvantages of ageing population to a country**. (4 Marks)**

20. Determine the missing figures represented by W, X, Y, Z. **(4 Marks)**

Business	Liabilities	Assets	Capital
A	10300	W	9800
B	8600	19531	X
C	Y	6789	2359
D	7564	Z	2456

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21. The average consumer price for a 2 kg maize flour for various years is shown below.

Year	Av. Consumer price	Consumer price index
2007	**50**	**100**
2008	**70**	_____
2009	**80**	_____
2010	**100**	_____
2011	**105**	_____

Calculate the consumer price index using year 2007 as the base year. **(4 Marks)**

22. Identify the source documents used to record the following books of original entry below. **(4 Marks)**

	Books of original entry	**Source document**
i)	Sales return day book	
ii)	Cash book	
iii)	Purchases day book	
iv)	Purchases return day book	

23. The information below was extracted from the books of J.K stores for the year ended on 31.12.2000

Opening stock ksh.40,000
Closing stock ksh.10,000
Turnover ksh.200,000
Margin 25%

Determine;

i) The gross profit **(2 Marks)**

ii) The purchases **(2 Marks)**

24. Complete the table below by indicating the account to be debited and to be credited. (4 Marks)

Transaction	**Account to be debited**	**Account to be credited**
i) Purchased stock of goods from Pima wholesalers on credit		
ii) Withdrew cash from business bank account for personal use		
iii) Received a loan of ksh.500,000 from AFC in cheque		
iv) Paid salaries by cheque		

25. On 10.10.2010 Maisha Mapya traders had 200,000 in cash and 40,000 bank overdraft. During the month the following transactions occurred.

Oct. 12 - Took sh.60,000 from the bank for office use.

14 - Paid water bill sh.10,000 in cash.

16- Sold goods worth sh.20,000 on credit

Enter the above transactions in the two column cashbook duly balanced. **(5 Marks)**

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K.C.S.E TOP EXAMINERS' MOCK SERIES 1

QUESTION PAPER NO: 4

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 ½ HOURS

1. State any **four** forms of after sales services offered by a business to its customers**(4mks)**

2. State **four** features of incorporated business units. **(4mks)**

3. Highlight **four** ways through which the efficiency of a warehouse can be improved.**(4mks)**

4. Outline **four** factors that account for the continued existence of small firms in the economy. **(4mks)**

5. Outline **four** sources of non-tax public revenue. **(4mks)**

6. Outline **four** circumstances under which some human wants can be fully satisfied. **(4mks)**

7. Highlight **four** ways through which commercial banks have enhanced development of business activities in the country. **(4mks)**

8. The following are descriptions of various insurance policies. Identify the name of the policy described by the statement. **(4mks)**

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	Description	**Policy**
(i)	Covers all damages caused by the vehicle to people and property other than the owner and his vehicle.	
(ii)	Covers for loss or profit due to interruption of business activities as a result of fire.	
(iii)	Covers employees who may suffer injuries while on official duties.	
(iv)	Covers an organization against losses which might arise as a result of debtor failure to pay their debts.	

9. State **four** sources of oligopoly powers in the market. **(4mks)**

10. State **four** limitations of adoption of new technology by a business. **(4mks)**

11. Highlight **four** factors that may hinder effective communication. **(4mks)**

12. The following information relates to Pam business enterprises. **(5mks)**

Average stock Ksh. 200,000

Rate of stock turn over 6 times

Margin 25%

From the information above determine:

(a) The cost of sales **(1mk)**

(b) Gross profit **(2mks)**

(c) Sales **(2mks)**

13. Outline **four** importance of a national budget as a tool for planning. **(4mks)**

14. Highlight **four** reasons for the establishment of a business enterprise. **(4mks)**

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15. List **four** types of complaints that a consumer organization may receive from consumers. (4mks)

16. The diagram below represents a change in the supply of a commodity.

Diagram

Outline **four** factors that could have caused this change. **(4mks)**

17. Highlight **four** factors that limit the use of credit cards in a business transaction. (4mks)

18. The following transactions relate to Mulimani traders: 2009 March 22: Sold goods worth sh. 2,700 to Muliro

2009 March 23: Bought stationery worth sh. 5,000 in cash.

2009 March 26: Paid postage sh.2,000 in cash.

Required:

Open ledger (T) account to record the above information and balance them off as at 31st March, 2009. **(5mks)**

In each of the following cases, state the type of inflation described. **(4mks)**

	Description	Type of inflation
(a)	A rise in prices due to an increase ir market supply.	
(b)	A rise in prices due to an increase ir prices of factors of production.	
(c)	A rise in prices as a result of buying expensive goods from foreign count	
(d)	A rise in prices due to uneven grow some sectors of the economy.	

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19. Give **four** reasons that justify the involvement of the government in business activities. **(4mks)**

20. Identify any **four** errors that may be revealed by a trial balance. **(4mks)**

21. In the following table, identify the information extracted from each of the source document given. **(3mks)**

	Source document	Information
(a)	Incoming invoices	
(b)	Petty cash vouchers	
(c)	Outgoing credit notes	
(d)	Outgoing receipts	
(e)	Incoming cash sale slip.	
(f)	Outgoing invoices	

22. Highlight **four** circumstances under which a business would prefer to use e-mail instead of a telephone. **(4mks)**

23. Classify the following human wants as either basic or secondary. **(3mks)**

	Need	classification
(i)	Security	
(ii)	Medical care	
(iii)	Shelter	
(iv)	Love	
(v)	Food	
(vi)	Education	

24. State **four** factors one should consider before introducing a new product in to the market. **(4mks)**

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K.C.S.E TOP EXAMINERS' MOCK SERIES 1

QUESTION PAPER NO: 5

565/1

Business Studies

Paper 1

Time: 2 Hours

1. Highlight **four** ways in which the society benefits from indirect production. **(4 Marks)**
2. Highlight **four** reasons why M-pesa is becoming a popular means of payment. **(4 Marks)**
3. State **four** circumstances under which a business firm may use photocopying as a means of reproducing documents. **(4 Marks)**
4. Otieno who is an employee with the Ministry of Health has decided to join Afya Sacco. Highlight **four** benefits he is likely to enjoy from this move. **(4 Marks)**

5. The following information relates to Mbeti Way Inn.

	sh
Sales	300,000
Sales returns	3000
Purchases returns	2000
Stock (1st October 2007)	30,000
Purchases	180,000
Stock (30th September 2008)	40,000

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Calculate:

a) Net sales **(1 mark)**

b) Cost of goods sold **(2 Marks)**

c) Gross profit (1 mark)

6. Juma a retailer had a capital balance of ksh.160,000 as at June 30th 2009. During the year ended June 30th 2010, the business made a net profit of sh. 140,000. Juma the proprietor made drawings of Sh 2000 each month for his personal use. Compute the business capital as at June 30th 2010. **(3 Marks)**

7. State the book of original entry into which the following transaction would be entered.

Transaction	Book of original entry
a) goods on credit selling	
b) goods on credit purchasing	
c) goods previous sold on credit returning	
d) cash for goods sold receiving	

(4Marks)

8. Enumerate **four** ways in which the central bank may encourage borrowing in order to boost investments. **(**4 **Marks)**

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9. 28th February 2011. The following transaction relate to the business of Mambo as at

i) February 1: balance brought forward: cash in hand ksh.4000.

ii) February 2: bought tools worth sh.3000 in cash.

iii) February 26: took a cooperative loan of sh.10,000 in cash.

iv) February 28: opened a bank account for the business with sh.8000 from the cash box. (4 Marks)

Required:

Enter the above transaction in the ledger accounts provided below and balance the accounts.

Cash a/c

Machinery a/c

Bank a/c

Loan a/c

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10. State **four** benefits that are derived from the use of warehousing services for business organisations within East Africa. **(4 Marks)**

11. Highlight **four** factors that determine the level of national income of a country. **(4 Marks)**

12. Highlight **four** disadvantages of a long chain of distribution of goods to a buyer. **(4 Marks)**

13. Each of the following factors will lead to a shift in or movement along the demand curve. Indicate the correct effect by writing either 'shift' or 'movement' in the spaces provided. **(4Marks)**

Factor	Effect
a) in real income Change	
b) in price of a product Change	
c) in sales tax of the product Increase	
d) in population Increase	

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14. Highlight **four** circumstances under which one may use signs in communication**. (4Marks)**

15. An entrepreneur may spot a gap in the market which may be converted into a business idea. Name **four** such gaps. **(4 Marks)**

16. The following transaction took place in the business of Excel Traders Ltd in the first week of January 2010.

- Jan 1: balances – cash sh.48000
- Bank sh.70000 credit
- Jan 2: received a cheque resulting from sales of goods worth sh.90,000.
- Jan 3: sold old machine receiving cash sh.16000.
- Jan 4: took sh. 3000 cash for personal use.
- Jan 5: purchased stationery worth sh. 30,000, paying in cash sh. 12000 and remaining balance by cheque.
- Jan 5: transferred all cash from the office to the bank leaving a balance of sh. 1000

Required:

Record the above transactions in a two column cash book and balance it off as at 5th January 2010. **(5 Marks)**

17. Outline **four** circumstances under which high population growth rate may be desirable. **(4 Marks)**

18. State the type of utility created in the following activities. **(4 Marks)**

Activity	Utility
a) Salonist making customer's hair	
b) A carpenter making coffee table from wood	
c) Storing maize harvest for future use	
d) Transporting rice to the IDPs	

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19. Outline **four** benefits of 'pooling of risks' to insurance company. **(4 Marks)**

20. Identify **four** benefits of international trade to a country. **(4 Marks)**

21. Outline **four** characteristics of a firm enjoying economies of scale **(4 Marks)**

22. State **four** difficulties faced by people during satisfaction of human wants. **(4 Marks**)

23. State **four** ways in which HIV/AIDS prevalence has negatively affected business activities**. (4 Marks)**

24. Show the effect of the following transaction on capital by indicating "Increase" "Decrease" or "No effect".

Transaction	Effect of capital
a) Withdraw business cash for personal use	
b) Profits earned by the business	
c) Bought goods on credit	
d) Converted personal vehicle into business property	

(4 Marks)

25. Underdeveloped economies usually end up in a vicious circle of poverty.

Outline **four** features of less developed countries like Kenya. **(4 Marks)**

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K.C.S.E TOP EXAMINERS' MOCK SERIES 1

QUESTION PAPER NO: 6

565/1

BUSINESS STUDIES

PAPER 1 2 Hours

1. Highlight ***four*** components that constitute unhealthy business environment **(4mks)**

2. Identify any ***four*** provisions attained by the documents that governs the internal operations of a company **(4mks)**

3. Mention the type of marine losses that relate to the following classification **(4mks)**

a) Total loss

b) Partial loss

4. The following are types of unemployment. Structural, Frictional, Cyclical and Hidden unemployment. In the table below match the statement with the appropriate type of unemployment. **(4mks)**

	STATEMENT	***TYPE OF UNEMPLOYMENT***
i	People appear to be employed but if removed from work; their marginal productivity of labour is zero.	
ii	Characterized by a slump in the general economic activities in a country	
iii	Fall in demand for a product, leads to a fall in demand for labour required to make that product	
iv	Unemployment due to lack of factor mobility	

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5. Amani traders had the following details in their books of accounts. **(4mks)**

Capital 31/12/2012	250,000
Additional investments for the year	100,000
Goods taken from the business for own use	30,000
Capital 11/1/2012	199,000

Determine Amani traders profit or loss for the year as is appropriate

6. Briefly outline ***four*** ways in which the government of Kenya supports development of entrepreneurs **(4mks)**

7. Managers of Biashara Bora Enterprises have a tendency of providing inadequate information to their employees. State ***four*** negative effects of this behaviour to their organization **(4mks)**

8. Outline ***four*** reasons why firms with popular products find it necessary to continually advertise the same products **(4mks)**

9. Outline ***four*** circumstances under which manufacturers may sell directly to retailers **(4mks)**

10. Identify ***four*** factors that determine the level incomes generated through taxation. **(4mks)**

11. Identify ***four*** merits of import substitution **(4mks)**

12. State ***four*** factors that determine the period for which documents should be stored **(4mks)**

13. Name the office equipment used to perform each of the following highlighted functions**(4mks)**

	Functions	***Equipment***
a	Printing stamp impression on envelopes	
b	Cutting paper into required sizes	
c	Pinning papers together	
d	Recording, processing, sorting & retrieving information	

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14. Outline any ***four*** services rendered by a public warehouse **(4mks)**

15. On July 2010 Mwariki Traders has Kshs. 6,000 cash in hand, a bank overdraft of Kshs. 2,000. During the month, the following transactions took place.

a) 18th July: received cheque from debtors totaling to Kshs 80,000

b) 22nd July: Paid telephone bills 1,200 cash

c) 28th July: Withdrew Kshs 16,000 from bank for office use

Enter the above information in Mwariki Trader's cashbook given below and balance it off

Date	Details	Cash	Bank	Date	Details	Cash	Bank

16. In each of the following cases, indicate whether the supply will increase, decrease or remain constant. **(4mks)**

a) If the price of coffee rises, the supply of tea is likely to

b) If the price of cosmetics increases, the demand for shoes is likely to

c) If the demand for beef increases the supply of wool is likely to

d) If the prices of cars fall, the supply of petrol is likely to

17. The following account balances were extracted from the books of Segutun Traders on 30th September 2005

Purchases 190,550

Opening stock 35,500

Closing stock 25,000

Sales 256,050

Sales return 4,800

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Calculate **(4mks)**

i) Cost of goods sold

ii) Percentage of gross profit and net profit

18. State any ***four*** characteristics of economic resources **(4mks)**

19. State any ***four*** factors that lead to cost push inflation **(4mks)**

20. Outline ***four*** methods that the government may use to influence the quantity supplied of a commodity **(4mks)**

21 List ***four*** services that are rendered by wholesalers to retailers **(4mks)**

22 Indicate the type of office etiquette described by the following statements **(4mks)**

i) Showing regard to other people according to their rank or social status

ii) Handling people politely and pleasantry

iii) Commitment of a worker to his organization

iv) Ability to convince others tactfully

23 State ***four*** characteristics of tramps as a means of sea transport **(4mks)**

24 Give any ***four*** factors may lead to a shift in supply to the left **(4mks)**

25 identify ***four*** ways in which manufacturers contribute to consumer protection **(4mks)**

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K.C.S.E TOP EXAMINERS' MOCK SERIES 1
QUESTION PAPER NO: 7

565/1

BUSINESS STUDIES PAPER 1

1. Give four ways in which the productivity of human effort can be improved. **(4marks)**

2. Ciringi, a businessman wants to buy a computer for his office. State four reasons why he may prefer to acquire it through hire purchase other trade credit. **(4marks)**

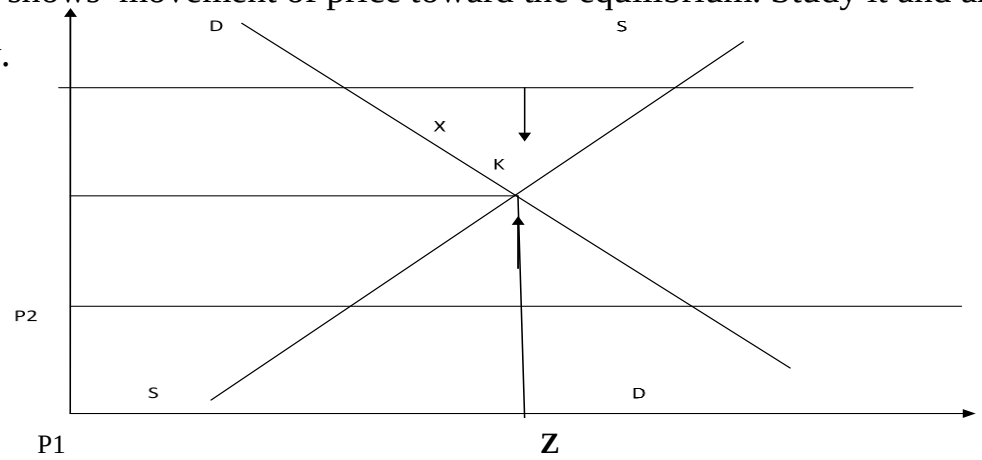
3. List down four different securities traded in at the stock exchange. **(4marks)**

4. Highlight four functions of the Kenya Bureau of standards. **(4marks)**

5. Outline four features of effective communication. **(4marks)**

6. Outline the procedures followed when claiming compensation from an Insurance company **(4marks)**

7. The diagram below shows movement of price toward the equilibrium. Study it and answer the equation below.



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8. Identify the region marked **X, Y & Z** **(4marks)**

(ii) Name point K_____

9. State four circumstances under which the market would be the determining factor in location of a firm. **(4marks)**

10. Outline four sources of oligopoly power. **(4marks)**

11. Atieno had capital amounting to Kshs. 328,000 at 31st Dec. 2008. During the year investment totaled to shs 90,000 while drawing s were shs. 110,000,

Required; Calculate initial capital at January 1st 2008 if profit was sh. 68,000. **(4marks)**

12. Enter the following transactions in the ledger accounts of Makutano Enterprises for the month of May 2010. **(4marks)**

May 1; Started business with shs. 150,000 cash

2; Bought goods on credit from Kamau for sh. 40,000.

4; Sold goods for cash shs. 34,500.

5; Returned some of the goods purchased form Kamau for sh. 4,500.

13. For each of the following transaction given below indicate in the appropriate columns the source document and the book of original entry in which the transaction should be recorded. (4marks)

	Transaction	Source Document	Book of Original entry
i)	Purchase of goods on credit		
ii)	Sale of desks on credit		
iii)	Payment to a creditor		
iv)	Goods returned by a client		

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14. The Central Bank is a banker to the government . Outline four banking services that it provides to the government. **(4marks)**

15. Identify four types of taxes levied on business people in Kenya. **(4mark)**

16. Highlight the factors to be considered when constructing consumer price index. **(4marks)**

17. Identify the International Trade Document that relate to the following statements. **(4marks)**

(a) Indicate the country of origin of imported goods.

(b) Is a document of little to the goods traded in international Trade

(c) Used to demand payments before delivery of goods

(d) Facilitates an importer to obtain credit

18. The mere existence of natural resources in a country does not necessarily contribute to Economic progress unless the following conditions prevails. **(4marks)**

19. Use the Book-keeping equation to fill in the blanks. (4marks)

20. Given the following factors, indicate whether they are part of internal or external environments of a business. **(4marks)**

	Factor	Type
(a)	Tools and Equipment	
(b)	Court system	
(c)	Invested funds	
(d)	Inflation	

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21. Define the following terms as used in Business Studies. **(4marks)**

(i) Commerce

(ii) Production

(iii) Distribution

(iv) Consumption

22. State four measures that should be taken to ensure that office machines are in good working conditions at all times. **(4marks)**

23. Give four channels of distribution that may be used to distribute rice from Pakistan to Kenya. **(4marks)**

24. The table below shows estimated values for a certain country in billions of shillings. **(4marks)**

	Sh.
Wages and salaries	450,000
Income from rent	30,000
Profit of corporations	40,000
Net interest	80,000
Indirect taxes	70,000
Subsidies	200,000
Depreciation	80,000
Net Income Abroad	50,000

Required

From the above table, calculate the following

(i) Gross Domestic Product (GPD) **(1mark)**

(ii) Gross National Product (GNP) **(1mark)**

(iii) National Income at Market price. **(2marks)**

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23. Mwende Enterprises provided the following information for the month of Jan 2011.

Opening stock	200,000
Closing stock	300,000
Purchases	500,000
Margin	20%

Calculate ;

(i) Cost of sales **(1mark)**

(ii) Gross profit **(2marks)**

(iii) Sales **(1mark)**

24. Paul, a form four leaver has just joined Facebook (the internet social network)

Give four business related benefits that he can derive from being a user of Facebook. **(4marks)**

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K.C.S.E TOP EXAMINERS' MOCK SERIES 1
QUESTION PAPER NO: 8

1. Outline **four** reasons why it is difficult to satisfy human wants. **(4mks)**

2. Identify **four** reasons why most countries are getting rid of direct production. **(4mks)**

3. Highlight **four** ways that a manager can adopt to improve the productivity of labour. **(4mks)**

4. Outline **four** factors that influence the form of business unit to establish. **(4mks)**

5. Enumerate **four** reasons why it is difficult to remove intermediaries in a chain of distribution. **(4mks)**

6. Explain the meaning of the following terms; **(4mks)**

(a) Standing order
(b) Credit transfer
(c) Lender of the last resort
(d) Free on rail

7. Outline **four** considerations before spending government money. **(4mks)**

8. Identify **four** measures that the government of Kenya can use to alleviate the problem of balance of payment deficit. **(4mks)**

9. Outline **four** challenges that are likely to be faced by a country that uses output approach to measure its national income. (4mks)

10. The following information relates to Jasho Traders for the year ended 31st December 2009.

Sales	400,000
Purchases	350,000
Opening stock	12,000
Return inwards	10,000
Carriage inwards	5,000
Closing stock	100,000

Prepare a trading account for Jasho Traders for the year ended 31st December 2009. **(4mks)**

11. Give **four** reasons why Bamburi Cement Ltd in Mombassa would prefer to transport cement by rail than by road to Kisumu. **(4mks)**

12. In each of the following cases state the type of inflation described. **(4mks)**

	Description	Type of inflation
(a)	A rise in price due to an increase in money supply	
(b)	A rise in price due to an increase in the prices of factors of production	
(c)	A rise in price due to buying expensive goods from foreign countries	
(d)	A rise in price due to un even growth in some sectors of the economy	

13. Give **four** reasons why Kenya is classified as a less developed country. **(4mks)**

14. Alex's Traders capital account showed a balance of 15,000 on 1st July 2009. for the year ended 30th

June 2010 the following information was available. **(4mks)**

(i) Alex brought in a vehicle worth sh. 180,000 for the business use.

(ii) Net profit amounted to sh.164,000

(iii) The owner withdrew sh.132,000 from the business for personal use.

Determine the closing capital as at 30th June 2010.

15. Outline any **four** functions of the Central Bank. **(4mks)**

16. Highlight any **four** circumstances under which the insurer may fail to compensate its client. **(4mks)**

17. Enumerate any **four** reasons why most firms prefer newspaper to radio in advertising their products. (4mks)

18. Give **four** reasons why a country with a greater percentage of ageing population is likely to have negative economic development. **(4mks)**

19. Highlight **four** factors that will influence the location of a warehouse. **(4mks)**

20. Use the following information which relates to Chesoen Traders to prepare a balance sheet as at 31st march 2010. **(4mks)**

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- Furniture 50,000
- Stock 20,000
- Motor vehicle 100,000
- Debtors 10,000
- Creditors 60,000
- 3 year loan 90,000
- Net profit 10,000

21. Using the following transactions state the name of the account to be debited and the account to be redited. **(4mks)**

	Transaction	A/C Debited	A/C Credited
(a)	Made cash sales of sh. 2,000		
(b)	Purchase a machine by cheque		
(c)	Paid a creditor sh. 3,000 by cash		
(d)	Withdraw sh. 10,000 for business use		

22. Identify any **four** problems associated with monopoly market structure. **(4mks)**

23. State the significance of the following source documents. **(4mks)**

(a) Invoice

(b) Debit note

(c) Receipt

(d) Payment voucher

24. Outline any **four** factors that is likely to limit the expansion of a business. (**4mks)**

25. Identify any **four** factors that will influence the demand of maize at Dikirr market. **(4mks)**

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K.C.S.E TOP EXAMINERS' MOCK SERIES 1
QUESTION PAPER NO: 9

565/1
BUSINESS STUDIES
PAPER 1
TIME: 2 HOURS

1. Below are some factors that influence the operations of a business .By use of a tick () indicate in the appropriate column the business environment associated with each of the factors . **(4mks)**

Factor	Micro	Macro
a) Political factors		
b) Economic recession		
c) Business structures		
d) Human resources		

2. A business opportunity exists where there are gaps in the needs of the market. Outline four such gaps. **(4mks)**

3. Outline four advantages of warehousing to a consumer. **(4mks)**

4. State four features of partnership **(4mks)**

5. Outline four sources of oligopoly power. **(4mks)**

6. POA a serious entrepreneur has identified a business opportunity in one of the towns in Kenya and wants to borrow money from Faulu bank. State four factors he has to take into consideration before he borrows the money. **(4mks)**

7. Give four reasons why agriculture is the leading economic activity of Kenya. **(4mks)**

8. Outline four measures a country may take to reduce imports. **(4mks)**

9. Outline three ways in which credit note is useful to a supplier. **(3mks)**

10. State the term given to each of the following disciplines . **(4mks**)

(a) Study of how man strives to satisfy his unlimited wants using the limited resources

(b) Study of the process of identifying a business opportunity and acquiring resources to start and operate a business

(c) Study of trade and aids to trade

(d) Refers to a systematic way of recording business activities which are used for decision making

11. State five circumstances under which photocopying may be used to reproduce documents in a school. **(5mks)**

12. Outline four functions of Kenya Bureau of standards. **(4mks)**

13. Illustrate with a diagram the effect of a decrease in supply on equilibrium price and quantiy in a normal situation. **(4mks)**

14. Identify four factors that may lead to an increase in the level of national income of a country. **(4mks)**

15. In the spaces provided, write decrease, increase or No effect to show the effects of each one of the following transactions on the assets, liabilities or capital. **(4mks)**

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

16. The following information relates to Sonko traders as on 30th June 2011.

	Shs
Capital	96,600
Debtors	29,520
Creditors	24,670
Motor vehicles	79,000
Cash	11,250
Stock	1,500

Prepare a trial balance **(4mks)**

17. The following balances were obtained from the books of Mrembo Traders.

	Shs
Opening stock	25,000
Sales	180,000
Gross profit	25% of sales
Closing stock	35,000

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Calculate

(a) Cost of good sold **(2mks)**

(b) Rate of stock turnover **(3mks)**

18. Outline four advantages a customer enjoys when he buys directly from a manufacturer. (4mks)

19. Outline four measures that the Kenya government would take to alleviate unemployment with the Country **(4mks)**

20. Highlight four features of effective communication. **(4mks)**

21. Name three uses of two – column cash book. **(3mks)**

22. Highlight four ways in which the insurance industry promotes growth of business enterprises. **(4mks)**

23. State four limitations of after sales service as a method of product promotion. **(4mks)**

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

25. Mosomi tradres had the following information extracted from the books of accounts as at 31st December, 2010

tal 1st December, 2010	350,000
tional investment	100,000
vings for the year	45,000
tal on 31st December 2010	470,000

Determine the profit for the year. **(4mks)**

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K.C.S.E TOP EXAMINERS' MOCK SERIES 1
QUESTION PAPER NO: 10

565/1

BUSINESS STUDIES

PAPER 1

2 HOURS

1. **State four** limitation of direct production. **(4mks)**
2. Highlight **four** roles of an entrepreneur to the economy of a country. (**4mks)**
3. A modern office requires a computer to carry out multiple functions. Highlight any **four.**
4. **Highlight four** reasons why the Mau escarpment is an important Natural resource. **(4mks)**
5. **State four** reasons why it is important for a business to keep financial Records: **(4mks)**
6. Highlight the **purpose** of each of the following documents**.** **(4mks)**

Document	Purpose
a)Delivery note b)A debit note c)An invoice d)A statement of account	

7. Juma a newly employed teacher has joined Mwalimu Sacco in Bungoma. **Outline four** benefits of membership to the society. **(4mks)**

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8. Redraft the following balance sheet correcting any mistakes. **(4mks)**

KIP's

Balance sheet

As at 31/8/2010

	Ksh		
		Cash	19000
Debtors	12000		
		Stock	12200
Capital	40700		
Creditors	18000	Coop loan	50000 Bank
Computers	87500	overdraft	22000
	158200		103200

9. Highlight four measures taken by producers to ensure consumers are protected when using their products. **(4mks)**

10. State four benefits of a public warehouse to a consumer. **(4mks)**

11. State four advantages of using E-mail for communication by a given enterprise. **(4mks)**

12. Highlight four reasons why all motor vehicles are required to have insurance cover.**(4mks)**

13. The following information relates to MUSIKO traders for the year ended 31/12/2011

Sales	Ksh800,000
General expenses	ksh120,000
Commission income	Ksh40,000
Margin	20%

Calculate

i) Mark-up percentage (2mks)

ii) Net profit for the year ended 31/12/2011 (2mks)

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14. **State four** importance of computing national income statistics in a country such as Kenya. **(4mks)**

15. The following table shows the demand for sugar in a certain town between the years 2006 and 2010

YEAR	Quantity Demanded In Tons
2006	50
2007	70
2008	85
2009	72
2010	65

State four factors that contributed to the trend in demand for sugar between 2008 and 2010. **(4mks)**

16. **State four** reasons why it may be necessary for the Government to encourage new firms to be located in the rural areas. **(4mks)**

17. You are to enter up the purchases journal and the returns outwards journal from the following details

2011 October 1.credit purchases from Helen sh20,000

2011 October 3. credit purchases from the following; Dan sh12,000,Tom Ksh13,300

2011 October 5.Goods returned by us to Tom sh300 **(4mks)**

18. Recent data indicates that a large proportion of Kenya's population comprises of the youth the ages of 10 to 20 years. **State four** benefits of this to the country. **(4mks)**

19. **State four** reasons why a country may find it necessary to control its imports. **(4mks)**

20. **Highlight four** characteristics of money. **(4mks)**

21. **State four** challenges being faced by Kenya in achieving its stated goal of vision 2030. (**4mks)**

22. Indicate whether the following types of taxes are **direct or indirect. (4mks)**

Type of tax	State
a)Corporation tax b)Value added tax c)Income tax d)Customs duty	

23. **State four** recent trends adopted by many firms in product promotion. **(4mks)**

24. **State four** classification of goods and services. **(4mks)**

25. **State four** challenges that a business without a plan will encounter in its operations. **(4mks)**

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