BUSINESS MOCKS



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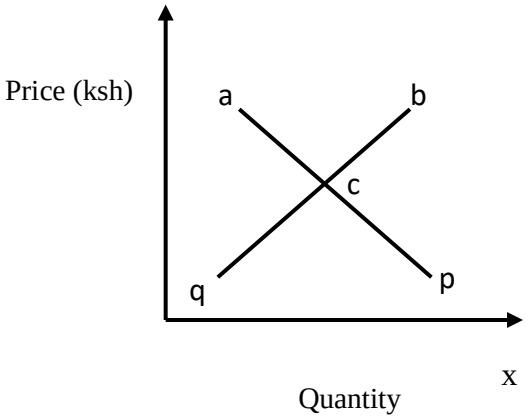
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MACHAKOS COUNTY KCSE TRIAL AND PRACTICE EXAM
Kenya Certificate of Secondary Education (K.C.S.E.)
BUSINESS STUDIES PAPER
1

1. Outline **FOUR** features that constitute a market. (4 Marks)
2. The following diagram represents demand and supply of a product. y



State what is represented by curves
(a) ap _____
(b) bq _____
(c) letter c _____
(d) On the diagram, indicate equilibrium price (PE) and equilibrium quantity (QE) (4 Marks)

3. Outline **FOUR** advantages of after sales services as a method of sales promotion to a customer. (4 Marks)
4. Give **FOUR** reasons why a consumer should satisfy basic wants before secondary wants. (4 Marks)
5. Outline **FOUR** reasons why a multinational company may prefer setting up a production unit in developing country instead of exporting finished goods to the country. (4 Marks)
6. State the factor of production that each of the following resources relate to:- (5 Marks)

Resource	Factor of production
(a) Manager	
(b) Quarry	
(c) Vehicle	
(d) Water	
(e) Owner	

7. In the spaces provided below, indicate with a tick (□) whether each of the following statements relates to preference or ordinary shares. (3 Marks)

Statement	Preference	Ordinary
(a) Represents real owners of company		
(b) Rate of dividends is fixed		
(c) Has voting rights		

(d) Redeemable		
(e) May be cumulative		
(f) Considered last in liquidation		

8. Outline **FOUR** features of trade credit as a source of finance for business units. (4 Marks)
9. State the term that best fit each of the following description. (4 Marks)
   (a) Money brought into the business by owner
   (b) Goods bought for resale
   (c) Money withdrawn by owner of business for personal use
   (d) Money borrowed from outsiders by owner of the business for business use

10. The following balances were obtained from the books of Jomba Traders as at 30th July 2014

	Shs.
Opening stock	50,000
Sales	360,000
Gross profit	25% of sales
Closing stock	70,000

Calculate

(a) Cost of goods sold (2Marks)
(b) Rate of stock turnover (2 Marks)

11. Enter each of the following transactions in the relevant ledger accounts (a) Started business in June 15th 2014 with Ksh. 500,000 in bank.
   (b) Bought a motor vehicle in June 16th 2014 for KSh. 250,000, payment made by a cheque.
   (c) Withdrew Ksh. 50,000 in June 20th 2014 from the business bank a/c to be used in the office. (d) June 24th, 2014, paid salaries Ksh. 18,000 cash.
12. On June 1st 2015, Kelly had KSh. 6000 cash in hand and a bank overdraft of Sh. 2000; during the month the following transactions took.
   (a) Received cheques from debtors totaling to KSh. 80,000 on June 2nd
   (b) June 5th, paid telephone bills Sh. 1200 cash
   (c) June 8th, withdrew Sh. 16000 from bank for office use.
   Enter the above information in the two – column cash book given below and balance it off (4 Marks)

Kelly Traders

Two – Column Cashbook for
the month of June 2015

Date	Particulars	Bank	Cash	Date	Particulars	Cash	Bank

13. Outline **FOUR** ways of curbing cost push inflation. (4 Marks)
14. Outline **FOUR** circumstances under which the per capita income statistics would be a good indicator of the welfare of the citizens of country. (4 Marks)

15. Outline **FOUR** challenges associated with a high ageing population in a country. (4 Marks)
16. Outline **FOUR** purposes of taxation. (4 Marks)
17. State **FOUR** basis of international trade (4 Marks)
18. Outline **FOUR** methods that a country may use to restrict international trade. (4 Marks)
19. State **FOUR** reasons why an invoice received is important in accounting. (4 Marks)
20. Outline **FOUR** items that are included when computing national income using the expenditure approach. (4 Marks) 21. Outline **FOUR** features of insurable risks
22. State **FOUR** features of chain stores. (4 Marks)
23. Outline **FOUR** factors that constitute an efficient transport system. (4 Marks)
24. State FOUR goals of development. (4 Marks)
25. Outline **FOUR** disadvantages of use of Automatic Teller Machines (ATMs) in banking. (4 Marks)

MACHAKOS COUNTY KCSE TRIAL AND PRACTICE EXAMINATION
Kenya Certificate of Secondary Education (K.C.S.E)
BUSINESS STUDIES
Paper 2

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1. (a) Explain **FIVE** methods of payments offered by commercial banks in Kenya. (10 marks)
   (b) Highlight **FIVE** reasons as to why a high national income may not necessarily mean better welfare for the citizens of a country. (10 marks)
2. (a) Kapa Oil manufacturers have decided to eliminate wholesalers in their chain of distribution. Outline **FIVE** possible effects that would result if wholesalers were eliminated. (10 marks)
   (b) Differentiate between a perfect competition from a monopolistic competition. (10 marks)
3. (a) Explain **FIVE** causes of inflation in an economy. (10 marks)
   (a) Outline **FIVE** challenges that Kenya faces when trying to implement her development plans. (10 marks)
4. (a) Explain **FIVE** reasons why a public limited company may prefer to raise finance through issue of ordinary shares instead of debentures. (10 marks)
   (b) The following balances were extracted from books of Masaku Traders for the year ended 31/12/2004

Rent	48,000
Lighting	7,200
Water	9,220
Salaries	75,000
Commission received	12,370
Discount allowed	4,600
Discount received	8,500
Gross profit	320,000
General expenses	98,000
Stock	25,250
Motor Vehicle	2,300,000
Furniture & equipment	650,000
Debtors	270,000
Creditors	396,400
Bank	200,000
Cash	50,000
Capital	3,000,000

Prepare
(i) Profit and loss a/c for the year ended 31/12/2004 (5 ½ marks)
(ii) Balance sheet as at 31/12/2004 (4 ½ marks)
5. (a) Explain **SIX** measures that the Government of Kenya may take to control her persistent Balance of payment deficit. (12 marks)

(b) Outline **FOUR** differences between endowment policy and whole life policy. (8 marks) 6. (a) Explain **FIVE** factors that limit the usage of Railway as a means of transport. (10 marks) (b) The accounts of Hakuna Matata Traders showed the following balances on 1st January 2014.

	Sh.
Cash	250,000
Debtors	60,000
Creditors	42,000
Stock	30,000
Bank loan 120,000	Motor vehicle 310,000

The following transactions took place during the month of January 2014.

Jan 2:	Bought stock worth Sh. 50,000 on credit.
Jan 3:	Cash sales Sh. 80,000
Jan 5:	Received Sh. 20,000 cash from debtors
Jan 10:	Paid part of loan Sh. 70,000 cash
Jan 12:	Paid creditors Sh. 52,000
Jan 16:	Bought office furniture Sh. 45,000 cash
Jan 20:	Paid salaries Sh. 40,000 cash Jan

25: Deposited Sh. 100,000 into the bank Required:

Record the above transactions in the relevant ledger accounts and balance the accounts on 31stJanuary 2014. (10marks)

CENTRAL KENYA NATIONAL JOINT MOCK

Kenya certificate of secondary Education

565/1

PAPER 1

1. State whether each of the following activities would satisfy basic or secondary wants. (4 marks)

	Activities	Basic	Secondary
(a)	Buying clothes for the family.		
(b)	Transporting milk.		
(c)	Providing food for school children.		
(d)	Entertaining the President.		

2. Outline **four** reasons why a new business may fail. (4 marks)
3. Outline **four** advantages a consumer enjoys when he/she buys directly from a manufacturer. (4 marks)
4. Highlight **four** reasons that make a current account popular among the business people (4 marks)
5. Boda boda/motorcycles have become popular in Kenya today. Outline **four** demerits of this mode of transport. (4 marks)
6. Highlight **four** circumstances under which deferred payment is acceptable to a trader. (4 marks)
7. Give **four** reasons why the government should impose taxes upon its citizens apart from raising revenue. (4 marks)

8. State the best type of machine one would use to perform the following tasks. (4 marks)

	Function	Type of machine
(a)		
(b)	To trim papers to the required sizes.	
(c)	To fold documents, put them in envelopes and seal team.	
(d)	To make exact copies of a certain original document.	
	To arrange papers in a required order.	

9. Outline **four** factors that may cause the supply curve to shift to the left. (4 marks)
10. Kiganjo Traders had the following balances as at 31st December, 2014.

	Sh.
Capital (1st December, 2014)	350,000
Additional investments	100,000
Drawings each month	48,000
Capital (31st Dec' 2014)	470,000

Determine the profit for the year. (4 marks)

11. Outline **four** features of direct production. (4 marks)
12. State **four** ways in which, the government of Kenya may reduce the level of unemployment. (4 marks)
13. State **four** benefits of registering a company with the stock exchange market. (4 marks)
14. The following balances relates to the retail business of Omondi for the month of July 2012.

Sales 50,000
Expenses 10% of sales
Cost of goods sold 40,000

Calculate:

(i) Mark up. (1 mark)
(ii) Margin. (1 mark)
(iii) Total expenses. (1 mark)
(iv) Net profit. (1 mark)

15. State **four** uses of a bill of lading in international trade. (4 marks)
16. Outline **four** circumstances under which insurance companies in Kenya may reinsure. (4 marks)
17. For each of the following transactions, state the account to be debited and account to be credited. (4 marks)

	Transactions	A/c debited	A/c credited
(i)	The owner brought in cash from private sources.		
(ii)	Bought goods and paid by cheque.		
(iii)	Withdrew cash for personal use.		
(iv)	Paid a creditor by cheque.		

18. State **four** ways in which the utility of a commodity can be increased. (4 marks)
19. Identify **four** benefits that may accrue from political stability in a country. (4 marks)
20. List **four** ways in which the government creates an enabling business environment. (4 marks)
21. State four features of an oligopoly market structure. (4 marks)
22. Give **four** disadvantages of public warehouses to traders. (4 marks)
23. Put down **four** functions of the Kenya Bureau of Standards. (4 marks)
24. Outline **four** external factors that may influence the operations of a business negatively. (4 marks)
25. Highlight **four** limitations of using after-sale services as a method of promoting products. (4 marks)

1. (a) Explain **five** features that differentiate a public corporation from a private limited company form of business unit.

   (b) n selecting an office layout. (10 marks)
2. (a) Explain **five** benefits that a country derives from transporting oil through pipeline. (10 marks)

Explain **five** reasons why citizens may experience low standards of living despite improvement in the per capita income. (10 marks) (10 marks)

   (b) Explain **five** factors that one needs to consider whe
3. (a) Explain **five** methods of price determination other than price mechanism in a market. (10 marks)

   (b) Explain the following types of unemployment.
   (i) Cyclical unemployment.
   (ii) Structural unemployment.
   (iii) Frictional unemployment.
   (iv) Seasonal unemployment.
   (v) Involuntary unemployment. (10 marks)
   (vi)

4. The following trial balance was extracted from the books of Okumu traders as at 31/12/2012.

	Dr. (Shs.)	Cr. (Shs.)
Opening stock	30,000	
Purchases/sales	275,000	390,000
Debtors	47,000	
Commission received		36,000
Returns	10,000	6,000
Carriage inwards	16,000	
Bad debts	3,000	
Wages	20,000	
Rates	12,000	
Buildings	450,000	
Furniture	180,000	
Bank overdraft		210,000
Insurance	19,000	
Discounts	5,000	7,000

Drawings	25,000	
Creditors		52,000
Cash at bank	250,000	
Cash at hand	40,000	
Capital		689,000
	1,390,000	1,390,000

Additional information:

1. Closing stock Sh.50,000 2. Carriage outwards Sh. 8,000 Required:

(i) Prepare Okumu traders trading, profit and loss account for the period ended 31/12/2012.

(ii) Balance sheet as at 31/12/2012. (10 marks)

(b) Explain **five** monetary policies that the Kenyan government uses to control the supply of money in an economy.

(10 marks)

5. (a) Kenya is a member of EAC. Explain **five** problems the member countries are likely to encounter that may hinder them from achieving their objectives. (10 marks)

(b) The following were the balances of Kiboko Traders as at 1st January 2009. Cash Sh.40,000, bank overdraft Sh.17,000. During the month the following transactions took place.

January 2nd : Mutiso a debtor settled his account of Sh.32,000 by cheque of Sh.30,000

4th : Paid salaries amounting to Sh.16,000 by cash.

10th: Deposited Sh.12,000 into the business bank account from the cash till.

14th: Settled Wayua's account of Sh.40,000 and she was allowed a discount of 1% through a cheque.

16th: Deposited Sh.56,000 in the bank from private resources.

17th: Sold goods for cash Sh.24,000.

20th: Mutua, a debtor, settled his account by a cheque of Sh.16,000 having been allowed a discount of 2%.

24th: Purchased furniture Sh.10,400 paying by cheque.

26th: Received Sh.7,200 cash from Odhiambo.

30th: Banked all the available cash except Sh.3200.

Required: Prepare a three column cash for Kubuka Traders. (10 marks)

6. (a) Explain **five** factors that have led to the survival of small scale retailers despite competition from supermarkets. (10 marks)

(b) Kenya is looking forward to the realization of vision 2030. Explain the obstacles that may hinder the efforts made towards this dream. (10 marks)

SUNSHINE
Kenya Certificate of Secondary Education
565/1
BUSINESS STUDIES
Paper 1

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1. Highlight **four** reasons why people engage in Business activities. (4 mks)
2. Outline **four** types of resources that are important in Business. (4mks)
3. State **four** functions of an entrepreneur in the production of goods and services. (4mks)
4. Identify the machine used to perform the following tasks. (4mks)

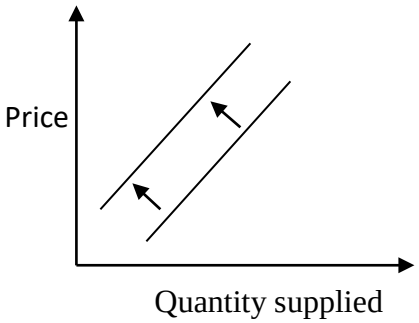
Statements	The machine
a) To count coins and notes	
b) To trim paper into required sizes and shapes	
c) To fold documents, place them in envelope and seal the envelope	
d) To print postage impression on envelopes	

5. Outline **four** differences between chain stores and departmental stores. (4mks)
6. State **four** statistics that are associated with the measurement of National income. (4mks)
7. Prepare Sunshine Traders Balance sheet from the following list of balances extracted from his books as at31 December 2013. (4mks)

Capital	357,000
Stock	40,000
Machines	150,000
Furniture	7,000
Motor vehicles	200,000
Bank	20,000
Creditors	25,000
Cash	5,000
Debtors	60,000
Loan from KCB	100,000

8. Outline **four** characteristics of a good filing system (4mks)
9. Highlight **four** methods that Government uses to protect consumers. (4mks)
10. State **four** factors that a manager should bear in mind to ensure that he/she effectively communicates with the employees. (4mks)

11. State the meaning of the following principles of insurance. (4mks)
    a) Subrogation----------
    b) Contribution----------
    c) Insurable interest----------
    d) Indemnity----------
12. Highlight four characteristics of underdevelopment. (4mks)
13.



State **four** factors that may have caused the change shown in the diagram above.

14. Highlight **four** causes of unemployment in Kenya. (4mks)
15. Outline **four** circumstances under which MrOndieki (a farmer) may distribute his products directly to his customers. (4mks)

16. Tripple SSS wholesalers had the following information as at 31 December 2013 (4mks)

Closing capital	70,000
Total expenses	5,000
Drawings of goods	6,000
Total incomes	3,000

Calculate the capital at the beginning of the year.

17. Highlight **four** advantages of localization of firms. (4mks) 18. State **four** characteristics of good money. (4mks)
19. Identify the day book associated with the following source documents given below. (4mks)

Source documents	**Day books**
Invoice received	
Credit note received	
Receipt issued	
Debit note received	

20. Highlight **four** purposes of public finance. (4mks)
21. The following balances were extracted from the books of Okinda wholesalers on 31st December 2006. (4mks)

	Sh
Capital	800,000
Sales	250,000
Debtors	70,000
Purchases	160,000
Creditors	45,000
Opening stock (1.1.2006)	40,000

Closing stock (31.12.2006)	20,000
General expenses	50,000
5 year bank loan	200,000
Insurance expenses	20,000
Salaries and wages	80,000

Required, calculate

i) Mark up (1mk)

ii) Current ratio (1mk)

iii) Rate of stock turnover (1mk)

iv) Rate on return on capital (1mk)

22. Highlight **four** uses of a proforma invoice. (4mks)

23. State **four** factors that affect the productivity of an office worker. (4mks)

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

a) The unrest in Libya has resulted to an increase in the price of oil	
b)The price of bread has gone upto sh.60 due to increase in the price of wheat	
c) A lot of money in circulation has led to the general increase of price	
d) Arise in price due to uneven growth in some sectors of the economy.	

SUNSHINE
Kenya Certificate of Secondary Education
565/2
BUSINESS STUDIES
Paper 2

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1. a) Explain five benefits that would accrue to Country as a result of delocalization. (10mks)
   b) Explain five features of a perfect competition market structure (10mks)

2. a) The following transactions relate to Vivylex wholesalers for the month of December 1998.

1998Dec.1 Bought goods on credit from Weka Distributors sh.46,200, Micko sh15,600 and Limo shs38,360.

3 Sold goods on credit to Lwanda Retailers shs.39,200, Motor Grocers sh.25,560 and Mawe shs.12,650.

7 Returned goods to Micko sh4,200 and Limo shs6,140.

11 Bought goods on credit from Tuktuk sh34,830.

12 Goods returned by motor Grocers hs4,550 and Lwanda Retailers sh1,280.

15 Sold goods on credit to Motor Grocers shs6,800, Marion traders shs12,800.

18 Goods returned by Marion Traders shs2,060.

22 Bought goods on credit from Fatuma shs22,100, Temo shs38,350.

28 Credit sales to Ngula shs16,060, Oyunga shs12,960 and Mawe shs15,260.

Enter the above transaction in the respective books of original entry (10mks) b)
Discuss five factors that enhances efficient running of a warehouse. (10mks) 3. a)

Explain five negative effects of inflation to a country's economic development. (10mks) b) Highlight five importance of entrepreneurship to the economy of a country. (10mks)

4. a) Explain five factors that can lead to unfavourable balance of payment. (10mks) b) Explain five factors to be considered when choosing a method of product promotion (10mks)
5. a) Describe fiveprocedure to be followed when taking an insurance policy. (10mks) b) Explain five limitations of containerization in transport sector. (10mks)
6. a) Highlight five benefits that a country will enjoy as a result of indirect production (10mks)
   b) The following trial balance was extracted from the books of Mugoya Traders as at 30th June, 2014

Mugoya Traders

Trial balance

As at 30th June 2014

Details	Dr (shs)	Cr (shs)
Premises	1,500,000	
Debtors and creditors	20,000	30,000
Cash at bank	90,000	
Cash in hand	10,000	
Purchases and sales	140,000	320,000
Stock of good on 1st July 2013	45,000	
Discounts	6,000	2,000
Salaries and wages	50,000	
Commissions		8,000
Power and lighting	12,000	
Returns	15,000	19,000
Carriage outwards	2,300	
Carriage inwards	5,400	
Capital		1,543,700
Furniture	27,000	
	1,922,700	1,922,700

Additional information

Stock of goods on 30th June, 2014 was worth sh22, 000.

Required: prepare trading, profit and loss account for the period ended 30th June, 2014. (10mks)

MOKASA JOINT EXAMINATION
Kenya Certificate of Secondary Education
565/1
BUSINESS STUDIES
Paper 1

1. Highlight **four** reasons why public relations are a popular way of product promotion among banks. (4mks)
2. Mention **four** non-tax internal sources of revenue to the government. (4mks)
3. Outline **four** measures that an employer can put in place to improve the performance of her human resource. (4mks)
4. State whether each of the following transactions will increase, decrease or have no effect on the Balance Sheet totals (4mks)

Transaction	Effect on Balance sheet totals
a) Sold a private car and deposited the money in business bank account	
b) Withdrew money from bank for office use	
c) Paid Mr. Kimeli, a creditor in cash	
d) Purchased a Motor car by cheque	

5. Highlight **four** conditions that must be met in order for an insurance contract to be valid. (4mks)
6. Enter the following transactions in the relevant book of original entry (4mks)
   2014 June 1. Made cash purchases worth sh. 25,000

   ,, 5. Paid sh.38,000 by cheques in full settlement of a debt owed to Kibogong after deductinga 5% cash discount.

   ,, 12. Bought stationery and paid by cash sh.19,000.

   ,, 19. Settled a debt of sh.90,000owed to Yatich stores by cheque after deducting a 3% cashdiscount. ,,
   28. Paid the month's salaries of sh 80,000, by cash, sh. 30,000 and the balance by cheques.

7. Outline **four** ways which the government can use to influence the supply of maize in Kenya. (4mks)
8. Outline **four** negative effects of inflation to an economy. (4mks)
9. Highlight **four** benefits enjoyed by a holder of a credit card (4mks)
10. The following balances relate to the business of Roba Traders during the period ended 31st March 2014. Shs.

Cash at bank	680,000
Premises	500,000
Machinery	175,000
Creditors	190,000
Furniture	85,000
Motor van	200,000
Cash in hand	50,000

    Extract the trial balance of Roba Traders as at 31st March 2014. (4mks)

11. Highlight **four** circumstances under which air transport can be preferred to transport goods from one place to another. (4mks)

12. Study the following document used in home trade. SIRO TRANSPORTERS CO. LTD
SIRO BUILDING,

OLOO STREET, NANDI ROAD

P.O BOX 100, ELDORET

SUPPLIER'S NAME & ADDRESS BUYER'S NAME & ADDRESS

HANDLING INFORMATION

QUANTITY	DESCRIPTION	WEIGHT(KGS)	COMMODITY /ITEM NUMBER	TOTAL

TRANSPORT CHARGES PAID

……

SIGNATURE OF TRANSPORT CO. SIGNATURE OF SELLER

…… ……

DATE …… DATE ……..

i) Name the document shown above (1mk)
ii) Name two uses of the document (2mks)

13. List **four** costs incurred by intermediaries in the chain of distribution (4mks)
14. Prepare ledger accounts from the following transactions relating to Tito Traders for the month of January 2015 (4mks)

January 5th sold goods for Shs 20,000 cash

10th bought furniture for Shs 50,000 on credit from Jamwal Traders

21st Paid Shs 10,000 cash to Jamwal traders

21st Returned furniture worth Shs 6,000 found damaged to Jamwal Traders

15. Highlight any **four** features of time deposit account (4mks)
16. Name **four** commercial services that facilitate trade. (4mks)
17. The following balances were extracted from the books of Njoro Traders for the period ended

31st December 2013

	Ksh.
Gross profit	10,000
Salaries	2,000
Commission income	4,000
Rent received	3,000
Electricity	2,000
Carriage outwards	4,000

Prepare a profit and loss account (4mks)

18. Highlight **four** factors that determine the National income of a country. (4mks)
19. Highlight **four** causes of demand pull inflation (4mks)
20. Outline **four** ways in which the problem of scarce resources can be addressed by a consumer. (4mks)
21. Highlight **four** ways in which local resources can be managed to alleviate unemployment problems in Kenya. (4mks) 22. Outline **four** factors that comprise a negative internal environment in a business. (4mks)
23. The following information relates to Waruhio Traders as at 31st December 2011. Waruhio Traders

Balance Sheet

As at 31st December 2011 :

	Shs.		Sh.	
	203,000	Capital	Plus	
		Net profit		Fixed Assets
				Furniture
359,000	174,000	Less Drawings		
	113,000		114,000	
	53,000	Short term liabilities:	473,000	
Current Assets:		1 year Loan		
Stock		Creditors		73,000
Debtors	543,000			400,000
Cash at Bank			79,000	
			64,000	
			543,000	

a) Calculate the total current assets. (1mk)
b) Determine the capital owned. (2mks)
c) Calculate the working capital (1mk)

24. Given below are functions of office equipment. Identify the name of the equipment against the rightful use (4mks)

Functions of the Machine	Office Equipment
a) Used in posting information to ledgers and preparing payrolls	
b) To transmit printed messages such as photographs, letters, and maps	
c) Usually fire proof where important documents in an organization are stored	
d) Used to carry out many functions such as storing information, typing and performing complex calculations	

25. Outline **four** factors that may give rise to monopoly power in an economy. (4mks)

MOKASA JOINT EXAMINATION
Kenya Certificate of Secondary Education
565/2
BUSINESS STUDIES
Paper 2

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1. (a) Explain **five** measures put in place by the government to bring order in road transport sector in Kenya today. (10 marks)

(b) Explain five reasons why per capita income is not a good indicator of standards of living. (10 marks)

2. (a) On 1st November 2013:Tabagon Co. Ltd. had a balance of shs. 12,000 at the bank and shs. 2500 in hand. During the month, the following transaction took place; Nov. 1 Cash sales Shs. 2500, cash purchase Shs. 1750 Nov. 3 Paid the following accounts by cheque. KiropShs. 1500 less 5% cash discount
KiruiShs. 2000 less 5% cash discount

Nasimiyushs. 2100 less 3 % cash discount

Nov. 5 Received the following amounts from debtors,

Ondiekshs.1200, Jane shs.3850 and Mueni by chequeshs.2050 after allowing her shs. 300 cash discount.
Nov. 14Paid office cash to the bank shs. 2000

Nov. 17 Cash sales 8500

Nov. 22 Mueni paid her account of shs. 5000 by cheque less 10% cash discount

Nov. 28 Withdrew all the money from the bank for office use except shs. 1000

Nov. 29 Paid salary cash shs. 8000

Nov. 30 A cheque received from Mueni on Nov. 5th was dishonoured.

Prepare Tabagon Co. Ltd. three column cash book. (10 marks)
(b) Describe the procedure of obtaining an insurance claim. (10 marks)

3. (a) Explain the meaning of the following terms as used in business ownership. (10 marks)

(i) Franchising
(ii) Merger
(iii) Holding company
(iv) Front Office Savings Account (FOSA)
(v) Globalization

(b) Explain **five** features of a hypermarket. (10 marks)

4. (a) Explain **five** emerging issues in office practice today. (10 marks)
(b) Explain **five** reasons that account for the existence of small firms in an economy. (10 marks)
5. (a) Explain **five** ways in which communication enhances trading activities. (10 marks)
(b) Highlight **five** factors that facilitate entrepreneurial development in an economy. (10 marks)
6. (a) The following trial balance was extracted from the ledgers of Gathioro's mobile phones business for the year ended 31st Oct 2013.

Gathioro's mobile phones Trial Balance
As at Gathiro's 31st Oct 2013

Details	**Dr.(Shs)**	**Cr.(Shs)**
Sales		855,000
Purchase	420000	
Sales returns	12000	
Purchase returns		20000
Creditors		165000
Debtors	63000	
Motor vehicle	480000	
Cash in hand	65000	
Furniture	190000	
Carriage inwards	14000	
Stock	280000	
Capital		626250
Drawing	88000	
Telephone	6400	
Insurance	8200	
Postage	3850	
Rent	19600	
Discounts received		4000
Advertising	12900	
Discount allowed	7300	
	1670250	**1670250**

On 31st Oct. 2013, the business had closing stock valued at Shs. 60,000

Required

(i) The trading, profit and loss a/c for the year ended 31st Oct 2013. (8 marks)

(ii) A balance sheet as at that date. (4 marks)

(b) Explain **five** services rendered by the Central Bank to the government. (10 marks)

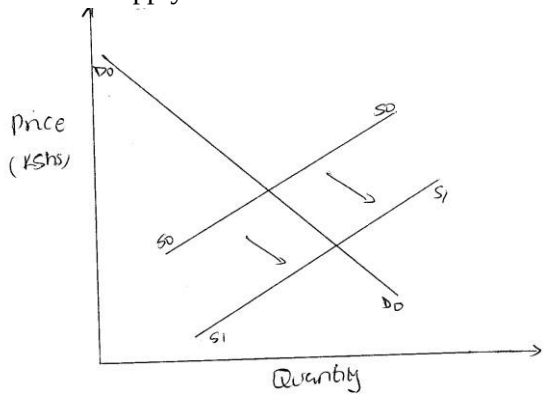
KASSU JOINT EXAMINATION TEST
Kenya Certificate of Secondary Education
565/1
BUSINESS STUDIES
Paper 1

1. Define the following terms as used in Business Studies. (4 mks)

   (i) Economics
   (ii) Entrepreneurship
   (iii) Opportunity cost
   (iv) Scale of preference
2. Highlight four reasons why food is an important basic need. (4 mks)
3. Outline four importance of a warehouse to a consumer. (4 mks)
4. Outline four requirements for one to start a limited liability company as one of the forms of business units. (4 mks)
5. Highlight four factors a firm must take into account when deciding on the product(s) to produce.
6. Highlight four ways in which entrepreneurs can observe ethics in the management of their business. (4 mks)
7. The following information was extracted from the books of Dawida business enterprise for the year ended 30th June 2000.
   Capital as at 30th June, 2000 640,000

Capital as at 1st July 1999	420,000
Drawing for the year	180,000
Net profit for the year	140,000

   Determine the additional capital during the year. (4 mks)
8. Highlight four ways through which one can convey verbal communication. (4 mks)
9. Below is a demand and supply curve.



   Highlight the factors that may have led to the above behavior. (4 mks)
10. Outline four circumstances under which a trader can issue a credit note to a customer. (4 mks)
11. Give the difference between: (4 mks)
    (a) Double and co-insurance
    (b) Premiums and surrender value
12. Highlight four advantages of indirect tax. (4 mks)
13. Highlight four ways in which a legal-political environment can impact negatively on entrepreneurs. (4 mks)

14. Highlight four duties of commercial attaches in trade promotion. (4 mks)
15. Identify the book of original entry in which the following transactions can be recorded. (4 mks)

Transaction	Book of Original Entry
Paid salaries by cheque	
returned goods to a supplier	
Sold goods on credit	
Bought delivery van on credit	

16. Outline three leakages in a circular flow of income. (3 mks) 17. Outline four advantages of using celebrities in product promotion. (4 mks)
18. Distinguish between the following terms of sale as used in international trade. (4 mks)
    (a) Free on rail (FOR)
    (b) Free on board (FOB)
    (c) In Bond
    (d) On nearest offer (ONO)
19. Kenya is planning to extend her pipeline transport. State four advantages of pipeline transport to the country. (4 mks)
20. Outline four emerging issues in office management. (4 mks)
21. Kiburu carried out the following transactions during the month of February 2015. February 1: Started business by depositing sh 220,000 in business bank account

    7: Bought goods on credit from MiyogoSh 72,000

    8: Paid rent by chequeSh 20,000

    16: Sold goods to Kamula on credit Sh 50,000.

    Required: Post the above transaction in the relevant ledge accounts.

22. Highlight four features of perfect competition market. (4 mks)
23. Mention whether the following transactions have an increase, decrease or no effect on the assts, capital and liabilities of a business. (4 mks)

	Transaction	Assets	Capital	Liabilities
(a)	Bought premises on credit			
(b)	Took stock of goods and donated to a local dispensary			
(c)	Withdrew money from bank for office use			
(d)	Sold furniture receiving cash			

24. The following information relates to Liston traders for the period ended 31st March 2012.

    Opening stock Sh 40,000

    Sales Sh 100,000

    Closing stock 25% on cost of sales

    Mark-up 25%

    By clearly calculating gross profit and purchases, prepare a trading account

    (i) Gross profit (1 mk)
    (ii) Purchases for the year (2 mks)

KASSU JOINT EXAMINATION TEST
Kenya Certificate of Secondary Education
565/2
BUSINESS STUDIES
Paper 2

1. a) Explain **five** benefits of direct production. (10marks)
   b) Explain **five** differences between private limited company and partnership forms of Business units. (10marks)
2. a) Discuss **five** factors that Nakuru county government may consider before spending county Funds. (10marks)
   b) The following information relates to Maralal Traders for the month of May 2014.

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

Required:
Record the above transactions in a three column cash book. (10marks)

3. a) Describe **five** types of unemployment. (10marks)
   b) Explain **five** problems a country may encounter when measuring national income using the output approach
4. a) Explain **five** factors that encourage entrepreneurial development in Kenya. (10marks)
   b) By use of diagrams, show the effects on the equilibrium price and output due to increase in demand and supply respectively. (10marks)
5. a) Explain **five** benefits that Kenya as a country may achieve by adopting 2030 Millennium development goals. (10marks)
   b). Discuss **five** reasons why a manufacturer may sell directly to consumers. (10marks)
   a) The following trial balance has extracted from the books of Bishar Retailers on 30th April, 2006.

	Dr shs	Cr shs
Sales		186,000
Purchases	115,560	
Stock 1.5.2005	37,760	
Carriage outwards	3,260	
Carriage inwards	2,340	
Returns outwards		3,550
Returns inwards	4,400	
Motor expenses	6,640	
Rent	4,560	
Salaries and wages	24,490	
General expenses	12,000	
Rates	1,200	
Equipment	60,000	
Machinery	31,960	
Trade debtors	45,770	
Trade creditors		30,450
Bank	38,760	
Cash	12,000	
Drawings	20,500	
Capital	_____	128,440
	348,440	348,440

Stock at 30th April, 2006 was shs 49,980.
Required; i) Prepare Trading, profit and loss Account for the year ended 30th April 2006. (7marks)
ii) Balance as at 30th April 2006. (5marks)

   b) Explain **four** forms of economic integration. (8marks)
6.

NANDI NORTH SUB-COUNTY JOINT EXAMINATIONS
Kenya Certificate of Secondary Education
BUSINESS STUDIES
PAPER 1

1. Name the internal environment whose effects are described by the following statements: (3mks)

	EFFECT	Internal Environment
(a)	Allows duties to be allocated to the right people thus resulting in higher productivity.	
(b)	Helps the business achieve its objectives e.g. higher production level of goods and services.	
(c)	Makes employees to acquire norms and code of conduct that is acceptable to all.	

2. State **four** reasons why choice should be made in satisfying human wants. (4mks)
3. State any **four** characteristics of secondary wants. (4mks)
4. A surgeon set up a clinic in a distance rural centre. The business opened two other branches after six months. Identify **four** possible causes for the success. (4mks)
5. Mwita has introduced computers in his business operations. Outline **four** benefits that he may experience. (4mks)
6. State **four** functions of a statement of account for Kaptich Secondary School Bursar. (4mks)
7. In the spaces provided below, state the business document, to which each of the following statements relates.

	STATEMENT	DOCUMENT
(a)	Gives a description of the goods and the prices at which the seller can supply the goods to the buyer.	
(b)	Accompanies the goods and it contains the list of goods delivered.	
(c)	To inform the buyer that goods have been dispatched.	
(d)	To correct an under-charge.	

8. In the spaces provided below, write the type of partner described by each of the following statements: (4mks)

   STATEMENT PARTNER
   (i) One who is below 18 years of age:
   (ii) One who has unlimited liability:
   (iii) One who gets involved in the daily running of the business
   (iv) One who allows his / her name to be used in the business
9. You have been charged with a duty of preparing an Article of Association for your company. State **four** items that you will include in your Article of Association. (4mks)
10. Local leaders would like to see more business enterprises established within Nandi. Outline **four** measures the government can take to encourage investments in this region. (4mks)
11. Bucket Ltd is an international pharmaceutical company. Under what circumstances can the firm send its products to customers by air transport? (4mks) 12. The following are special delivery services provided by the Post Office: (4mks)

Post Rest Ante, Speed Post, Business Reply Service, Express Delivery.
Match each description with item.

(i) The arrangements to deliver the mail starts at the sender's post office…….....
(ii) The arrangement to deliver the mail starts at the addressee's post office…….
(iii) Service offered to travelers who wish to receive correspondence while away from home…….
(iv) Service that relieves customer of postage expenses……...…….

13. State **four** reasons why it is necessary to locate a bonded warehouse at the point of entry of a country. (4mks)

14. Kazi Moto insured a motor vehicle against fire with Moto Motocompany by paying Kshs. 300,000. Later the car was destroyed at a garage and a compensation of Kshs. 400,000 were paid. Using insurance terms, state what each of the following stand for: (4mks)
    (i) Kazi Moto……
    (ii) Fire:……..
    (iii) Kshs. 300,000 …….....
    (iv) Moto Moto company:……
15. Below are terms used in sales promotions.
    - Competitive advertising.
    - Product advertising.
    - Informative advertising.
    - Institutional advertising.
    - Primary demand advertising.

    Identify the most appropriate term descried in each of the following case. (4mks)
    (i) Aims at increasing the sales volume of the company's entire range of products (ii) Provides relevant information about producers products
    (iii) Seeks to popularize the business enterprise offering goods for sale.
    (iv) Seeks to promote the sale of a new variety of a company's product..
16. Outline the procedures of taking an insurance policy on property. (4mks)
17. Kenya Cooperative Creamers (KCC) sell its dairy products directly to retailers. Highlight **four** factors that were considered in the choice of this channel of distribution. (4mks)
18. Identify **four** factors that may be contributing to income disparity between the rich and poor citizens in Kenya. (4mks)
19. The following information relates to Ogello Traders as at 31st December 2009.

    Capital (1-1-2009) Kshs. 100,000

    Loss during the year Kshs. 40,000

    Investment Kshs. 35,000

    If the trader took goods worth Kshs. 15,000 during the year for private use, calculate the capital of the business as at 31.12.2009. (4mks)
20. Prepare Betty's trial balance from the following information. (4mks)

Items	**Kshs.**
Purchase	130,000
Capital	150,000
Sales	165,000
Debtors	45,000
Creditors	40,000
Motor vehicles	120,000
Stock	50,000
Cash at Bank	10,000

21. Ondiko Traders had Kshs. 100,000 cash in had, Kshs. 243,000 cash at bank during the month of March 2008. The following transactions took place in that month.
    March 3 – Paid insurance Kshs. 5,000 cash.

March 11 – Cash sales Kshs. 14,000

March 14 – Purchased equipment worth Kshs. 37,000 paying by cheque.

March 20 – Deposited Kshs. 30,000 into Bank from cash till.

March 31 – Took Kshs. 10,000 cash for personal use.

Prepare Ondiko Trader's Two-column Cash Book for March 2008. (5mks)

22. State the journal that deals with each of the following types of transactions. (4mks)

	Type of transaction	**Journal**
(i)	Credit sales	
(ii)	Return of goods by customers.	
(iii)	Return of goods to suppliers.	
(iv)	Cash cheques received.	
(v)	Credit purchases	
(vi)	Sale of fixed assets	
(vii)	Purchase of motor van on credit from General Motors	
(viii)	Correction of errors.	

23. Differentiate between progressive and regressive taxation giving an example of each. (4mks)
24. Otwoma intends to start a business. Give **four** reasons why it is advisable for him to start a retail business shop instead of buying shares in public limited company. (4mks)
25. Write in full the following abbreviations:
(4mks)
(i) LPO: (ii) IPO:
(iii) C.W.O
(iv) I.O.U

NANDI NORTH SUB-COUNTY JOINT EXAMINATION
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BUSINESS STUDIES
PAPER 2

1. (a) Explain any **five** benefits that a business which adopts an enclosed office layout enjoys. (10mks)
(b) Discuss **five** emerging trends in Banking. (10mks)
2. (a) Explain **five** advantages of warehousing to the consumers. (10mks)
(b) The following information relates to Bahari retailers for the month of January 2013.

Invoices received

Jan	6	Mandela Ltd	shs.	70,000
	12	Othiambo Traders	shs.	150,000
	18	Jua Kali Enterprises	shs.	50,000

Invoices

Jan	5	Jambini Traders	shs.	10,000
	10	Fedha Ltd	shs.	100,000
	15	Kalu Works Ltd	shs.	120,000

Credit Note issued

Jan	5	Jambini Traders	shs.	12,000
	13	Fadhili Ltd	shs.	6,000

Credit Note received

Jan	7	Mandela Ltd	shs.	5,000
	14	Othiambo Traders	shs.	1,000

Additional Information:

Jan 8 Sold machinery on credit to Kwetu retailers shs. 50,000

9 Bought electronic equipment on credit from lowland retailersshs. 8,000

10 Brought shs. 5,000 cash into the business from own sources.

Required: Record the above transactions in the appropriate diary books. (10mks)

3. (a) Describe any **five** types of unemployment experienced in Kenya. (10mks)
   (b) Under what circumstances would a producer use wholesaler in distributing farm produce. (10mks)
4. (a) Discuss **five**factors that influence the level of National Income of a country. (10mks)
   (b) Outline any **five** differences between Partnerships and Cooperative societies. (10mks)
5. (a) Explain **five** factors that an insurance company will consider before determining the premium to charge an applicant for an assurance policy. (10mks)
   (b) The following information relates to the books of Mwalimu Traders as a 31st December 2014.

Sale	670,000
Purchases	380,000
Opening stock	60,000
Closing stock	40,000
Return inwards	70,000
Carriage on purchases	10,000
Commission received	15,000
Rent paid	18,000
Salaries and wages	33,000
Postage	2,000
Discount received	7,000

Travelling 12,000

Repair and maintenance 4,000 ***Required:***

Prepare Mwalimu Traders Trading Profit & Loss Account for the year ended 31st December 2014. (10mks)

6. (a) With the aid of a diagram, explain the effects of increase in consumer's level of income on the equilibrium point. (10mks)

(b) Explain **five** ways in which the government may promote local trade. (10mks)

MWINGI CENTRAL SUB-COUNTY FORM FOUR JOINT EXAMINATIONS
Kenya Certificate of Secondary Education
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BUSINESS STUDIES
Paper 1

Answer all questions in the spaces provided

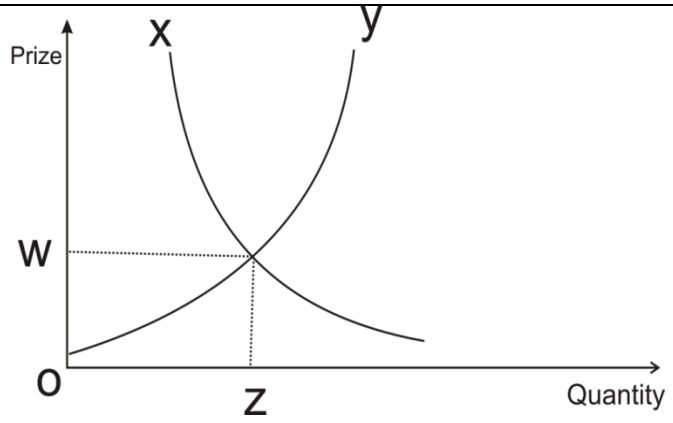
1. The table below describes some terminologies used in business Studies. Identify the term given to each statement (4mks)

	Statement	Term
a)	Activities carried out with a view to making profit	
b)	Increasing the usefulness of a good or service	
c)	Movement of goods from producers to consumers	
d)	A person who uses a good or service	

2. State **four** factors that an entrepreneur would consider before investing in a business opportunity (4mks)
3. Outline **four** measures that may be taken by an office to safeguard the property of the organization (4mks)
4. Highlight **four** features of a departmental store (4 mks)
5. Among the documents required by the Registrar of companies is the Articles of Association. Highlight **four contents** of the Articles of Association (4 mks)
6. State four reasons why consumers need protection from unscrupulous traders (4 mks)
7. One of the flagship projects by the Kenyan Government is LAPSSET and Standard Gauge Railway (SGR). Outline four benefits of the new Railway line to the Kenyan economy (4mks)
8. Highlight **four** limitations of a siren as a means of communication (4 mks)
9. State **four** merits of a bonded warehouse to the Government (4 mks)
10. Give any Four contents of a cover note (4 mks)
11. The descriptions stated below refer to various methods advertisement. For each description give the method that best matches it. (4 mks)

Description	**Method of advertisement**
a) Any mention of a person/firm or product in the mass media	
b) Presentation of a commodity to prospective buyers, face to face by a sales person with an aim of making sales	
c) Process of information with a view of creating, promoting or maintaining good will and favourable image of the organization to the Public	
d) Any paid form of impersonal presentation of a product made through mass communication Media	

12. Identify what is represented by the letters W,X,Y and Z in the diagram below (4 mks)



13. The table below shows the growth rate of Gross Domestic product (GDP) of a certain Country for two years (4mks)

14. Year	15. G.D.P
16. 2003	17. 6.5%
18. 2005	19. 2.0%

Highlight four circumstances under which the standards of living of the citizens of the country referred to above may not necessarily have been lower in 2005 than 2003. (4mks)

14. Outline four features of a Monopoly market structure (4mks)
15. Highlight four reasons why many governments discourage localization of firms (4 mks) 16. Giving an example in each case, define the following terms:
    a. Long term liability
    (2marks)
    b. Current Assets (2marks)
17. A resource is something that is used by a business to achieve an objective. Identify four resources available in a business. (4mks)
18. The following balances were extracted from the books of Mwenge Traders on 30th June2010.

	Shs.
Debtors	120 000
Creditors	240 000
Ten-year loan Loan	400 000
Closing Stock	25 000
Cash in hand	50 000
Drawings	30 000
Furniture	700 000

Required: Prepare a Balance Sheet as at 30th June 2010 (4mks)

19. Highlight four merits of current account to the account holder (4 mks)
20. Outline four reasons why the government may impose trade restrictions on her trading activities (4 mks)
21. The following transactions were carried out by Ushirika Stores during the month of July2012.
    July 1 : Started a business with sh. 10 000 in cash
    July 2 : Opened a bank account for the business by depositing Sh. 20 000 from Personal savings

July 10 : Bought goods worth Sh.10 000 and paid by cheque

July 20 : sold goods worth Sh. 20 000 which were paid in cash

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

22. Outline four causes of cost –push inflation in any country (4mk)
23. Highlight fourreasons why the Kenyan government imposes tax (4 mks)
24. The following information was extracted from the books of Ngikwa Stores for thefollowing years

	2014	2013
	Shs.	Shs.
Stock	120 000	224 000
Bank	20 000	60 000
Debtors	268 000	120 000
Creditors	272 000	200 000

a) Determine the current Ratio for 2014 and 2013 (3mks)
b) Comment on the significance of the change in current Ratio (1mk)
25. Identify four goals development (4 mks)

MWINGI CENTRAL SUB-COUNTY FORM FOUR JOINT EXAMINATIONS
Kenya Certificate of Secondary Education
565/2
BUSINESS STUDIES
Paper 2

1. (a) Kenya has been relying on Coffee as a key driver of her economy. Explain **FIVE** benefits that may accrue to her due to this specialisation (10 mks)
   (b) Explain **FIV**E ways in which a Country's labour force can be improved to promote economic growth. (10 mks)
2. (a) Explain **FIVE** factors that determine the amount of money held for precautionary purposes (10 mks)
   (b) Kitinga Enterprises runs a general Merchandise business. The transactions during the month of June 2014 were as follows: 2014
   June 1 - Bought on credit from Orina Ltd. goods worth shs. 100 000, received a 20% trade discount.
   June 4 - Sold goods on credit to Rono Ltd. shs. 30 000 and allowed them a 10% trade discount.
   June 8 - Sent Rono Ltd. a credit note for goods returned, which had a value ofshs. 30 000.
   June 10 - Sold goods on credit to Akinyishs. 60 000
   June 12 - Purchased goods from Wamalwa ltd for shs. 100 000 and he allowed a 30% trade discount.
   June 15 - Purchased goods on credit from Nyamburashs. 45 000
   June 16 - Sent Akinyi a credit note for goods returned worth shs. 10 000
   June 18 - Wamalwa Ltd. sent us a credit note for sh.30 000 for goods returned.
   June 19 - Received a credit note for goods returned to Orina worth sh.25 000
   June 25 - Sold goods to Wairimu on credit sh. 25 000
   June 27 - Sent Wairimu a credit note for sh.5 000 to rectify an overcharge on their invoice.
   June 28 - Sold goods on credit to Rono for sh. 56 000
   June 29 - Purchased a Motor Van on credit from Awori Ltd. worth shs. 80 000
   June 30 - Sold on credit Old machinery to Nairobi Trading Company for sh.35 000 (prior to this owned machines worth shs. 100 000
   Required: Make the necessary entries in the relevant books of original entry (10 mks)
   (NB. Posting to the ledger Accounts is not necessary)
3. (a) Outline **FIVE** causes of Balance of payments disequilibrium (10 mks)
   (b) Describe **FIVE** channels of distribution that may be followed by imported manufactured goods (10 mks)

4. (a) Explain **FIVE** types of unemployment (10 mks)

(b) The following trial balance was extracted from the books of Mwelu Traders on 30th April 2015

Account name	**Dr**	**Cr**
Sales		186 000
Purchases	115 560	
Stock on 1/5/2014	37 760	
Carriage outwards	3 260	
Carriage inwards	2 340	
Returns inwards	4 400	
Return outwards		3 550
Salaries	24 470	
Electricity	6 640	
Rent	5 760	
Sundry Expenses	12 020	
Equipment	24 000	
Furniture	6 000	
Debtors	45 770	
Creditors		30 450
Bank	38 760	
Cash	1200	
Drawings	20 500	
Capital		**128 440**
	348 440	**348 440**

Stock as at 30th April 2015 was Shs. 49 980

Required: Prepare Trading profit and Loss Account for the period ending 30th April 2015. (10 mks)

5. (a) Highlight **FIVE** differences between Insurance and gambling (10 mks)

(b) Explain **FIVE** principles of a good tax system (10 mks)

6. (a) Explain **FIVE** factors that influence the level of National income of a Country (10 mks)

(b) Explain **FIVE** Money transfer facilities provided by Commercial Banks (10 mks)

KAMDARA JET
Kenya Certificate of Secondary Education
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BUSINESS STUDIES
Paper 1

1. Name four features that differentiate a bill of exchange from a cheque (4marks)
2. State the books of original entry in which each of the following transactions would be recorded (4marks)

Transactions	Books of original entry
a) Bought a machinery on credit	
b) Received sh. 40,000 from Mweni a debtor	
c) Sold goods worth sh. 20,000 on credit to Salama	
d) Returned goods previously bought on credit to Wainaina	

3. Outline four factors that may account for predominant direct production in a country (4marks)
4. Highlight four reasons why a business firm would prefer to operate a current account from a commercial Bank. (4marks)
5. Outline four factors to consider when introducing a new product in the market (4marks)
6. State four benefits that a company would get by raising capital through sales of ordinary shares (4marks)
7. State four factors that determine the period for which documents should be stored (4marks)
8. The following balances of assets and liabilities were provided by mawazo Traders as at 31st/12/2014. (4marks)

Item	shs
Bank overdraft	80,000
Land	200,000
Accrued electricity bill	50,000
Stock	10,000
Debtors	20,000

The business had drawings amounting to sh. 20,000 during the year. Prepare a balance sheet to determine the net worth of the year

9. The following information relates to commodity 'X'.

Year	Price (shs)
2010	450
2014	675

(i) Calculate the consumer price index
(ii) Comment on your answer. (4marks)

10. Outline any four limitations of social responsibility to a business (4marks)
11. A business enterprise had the following transactions on 3rd June 2008. (i) Returned goods worth sh. 15,000 to Kombo traders.
(ii) Awino, a customer returned goods worth 3,500 to the business.

Required: Record the above transactions in the relevant ledger accounts (4marks) 12. State four benefits that consumers get from warehousing (4marks)

13. Highlight any four factors that a government should consider when deciding on a good tax system (4marks)
14. Highlight four measures that can be taken to control the volume of imports. (4marks) 15. The following information relates to Kitui Traders for the year 2013.

    Turn over shs 270,000 Margin 40%
    Rate of turnover 6 times

    Expenses sh 40,000

    From the information given above, Calculate:-

    (a) Gross profit
    (b) Cost of goods sold
    (c) Net profit
    (d) Average stock (4marks)
16. List four factors that may discourage the use of pipeline as a means of transporting petroleum products in a country (4marks)
17. Outline four circumstances under which one may use signs in communication. (4 marks)
18. Yvonne has just completed her studies at University and would like to start a business. Highlight four factors that would influence her to locate her business near the market. (4mks)
19. Outline four differences between perfect competition and monopoly (4mks)
20. Identify the types of utility created in the following circumstances. (4 mks)

	Circumstance	Type of Utility
a)	Processing and packing Tea leaves in a factory	
b)	Transporting Tea from Kiambu to Nairobi	
c)	Selling Tea leaves in a shop	
d)	Where the retailers stores tea leaves packets in his warehouse	

21. State the effect of the following transaction on the balance sheet totals indicating either "increase, decrease or No effect" (4marks)

	Transaction	Effect on Balance sheet total
a)	Dec 14 Received a cheque for sh 150,000 being amount borrowed from a lending institution.	
b)	December 15 – paid creditors sh 10,000 in cash	
c)	Dec 26- owner took cash sh 10,000 from business for own personal use	
d)	Dec 3 – Deposited cash sh 15,000 in to the business bank account.	

22. Highlight four factors that may influence supply positively. (4marks)
23. Highlight four limitations of using consumer initiated methods in consumer protection (4marks)
24. Outline any four features of an economic union level of economic integration (4marks)
25. State for disadvantages of Automatic Teller Machines (ATM) (4marks)

KAMDARA
JET
Kenya Certificate of Secondary Education
565/2
BUSINESS STUDIES
Paper 2

1. a) Explain five reasons that may account for the continued use of hand carts as a mode of transport (10marks)
   b) Shah and Patel are importers of vehicles in Kenya from Japan. Explain five terms of sale that may be quoted by the seller of the vehicles. (10 marks)
2. a) By the use of diagram, explain the effects of excess supply over demand on quantity demanded and supplied (10marks)
   b) The following balances relate to Brian traders as at 31st December 2013

	Shs.
Salaries	70,000
Stock (1/1/2013)	30,000
Creditors	35,000
Capital	700,000
Purchases	150,000
Insurance	10,000
Electricity	40,000
Debtors	60,000
Sales	350,000
Stock (31/12/2013)	20,000
2 year bank loan	200,000
Returns inwards	15,000

Required:
(i) Prepare a trading, profit and loss account for the year ending 31st December 2013 (5 Marks)
(ii) Calculate the following ratios
(a) Margin (1 mark)
(b) Rate of stock turn over (2 marks)
(c) Rate of return on capital (2 marks)

3. a) The per capita income in country A is considerably higher than that in country B. Discuss Five reasons why the citizens of country A may not necessarily enjoy higher standards of living than citizens of country B. (10 Marks)
b) Explain five circumstances under which the nature of goods may influence the choice of appropriate means of transport (10 marks)
4. a) Highlight five ways in which the Central Bank acts as a banker to the government (10 marks)
b) Explain five characteristics of under development (10 marks)
5. a) Highlight five reasons why Kenyan government encourages the development of small business enterprises (10Marks)
b) Explain five circumstances under which personal selling is appropriate (10 marks) 6. a) Explain four services rendered by retailers to consumers (8 marks)
b) On 1st July 2014 moshi traders had cash in hand Ksh.560,000 and a bank overdraft of Ksh. 175,000.
The following transactions took place during the month:
July 9: Paid the following creditors by cheque after deducting 10% cash discount:
Betty Ksh. 140,000
Mary Ksh. 98,000
July 12: Settled kithekas account Ksh.70, 000 by cheque after deducting 10% cash discount
July 16: Received cheques from the following debtors after deducting 10% discount in each case:

Ali Ksh. 350,000
Hassan Ksh.105,000

July 23: Received the following cheques from debtors after having deducted cash discount of 2% In each case:
Joseph Ksh. 411,600
Daniel Ksh. 123,480

July 29: Received the following amounts in cash from debtors having deducted cash discount of 2%
Josephine Ksh.82, 320
Fatuma Ksh.246, 960

Required:
Record the above transactions in a three column cash book and balance it off at the end of the month (10 marks)

MERU FORM 4 JOINT EVALUATION TEST
Kenya Certificate of Secondary Education
565/1
BUSINESS STUDIES
Paper 1

1. State four benefits of public corporations in Kenya. (4 marks)
2. State four advantages of entrepreneurship in an economy. (4 marks) 3. Highlight four factors that can make a company to re-insure. (4 marks)

4. State four economicfactors that determine a consumer's buying ability. (4 marks) 5. State four ways in which a good filling system may facilitate the operations on office. (4 marks)

6. Highlight four benefits of a free warehouse. (4 marks)
7. State four circumstances where a firm would be located near a source of raw materials. (4 marks)
8. Show the accounts to be debited or credited for the following transactions. (4 marks)

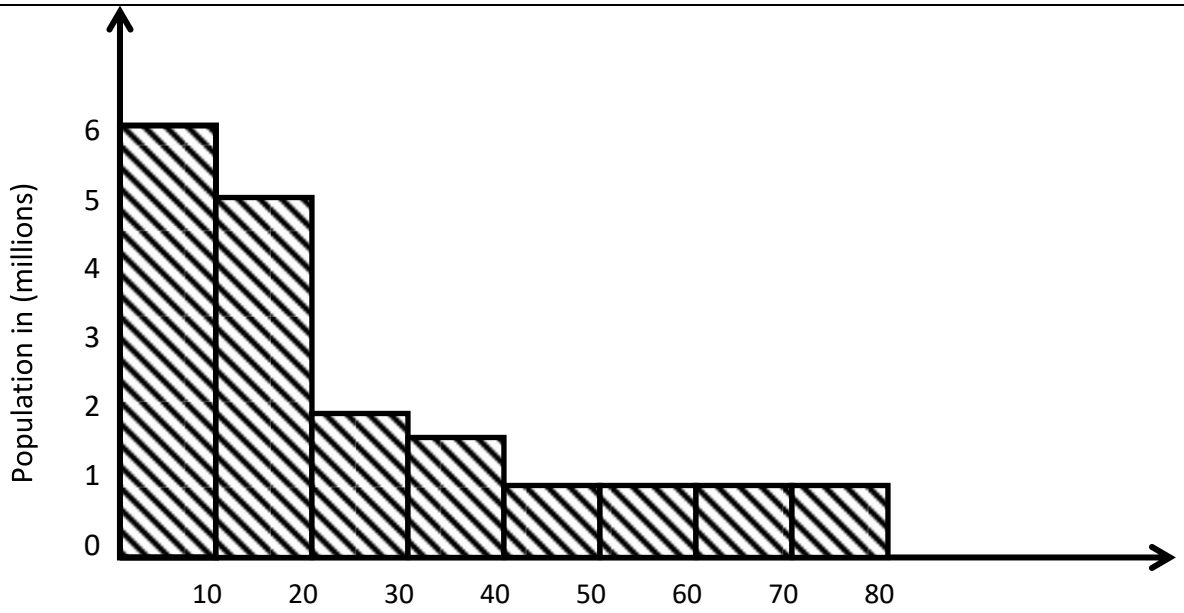
	Transactions	**Account to Debit**	**Account to Credit**
A	Paid wages in cash		
B	Took business cash for private use		
C	Purchased office furniture on credit from Ritho Ltd		
D	Paid electricity bill by cheque		

9. Highlight four factors that determine precautionary motive for holding money. (4 marks)
10. State four functions of an entrepreneur as a factor of production. (4 marks)
11. The following information was extracted from the books of Juma Traders as at 31st December 2009,

	Shs
Opening stock	2,500
Purchases	46,000
Closing stock	1,500
Mark-up	20%

Required:
Prepare Juma Trader's Trading Account (4 marks)

12. Outline four changes in the economy associated with economic development. (4 marks) 13. The diagram below shows a population pyramid for a certain country.



Give four challenges facing this country. (4 marks)

14. Highlight four ways in which individuals consumers can protect themselves. (4 marks)

15. State the source documents for each of the following subsidiary day Books (4 marks)

	Subsidiary Books	Source Documents
A	Sales Journal	
B	Purchase Sales Journal	
C	Returns Inwards Journal	
D	Returns Outward Journal	

16. State four problems that are experienced by consumers when firms become monopolies. (4 marks)

17. State four causes of demand pull inflation. (4 marks)

18. Highlight four reasons why the use of rail transport is not well developed in Kenya. (4 marks)

19. Outline four things a business need to know about their competitors. (4 marks)

20. The following balances of assets and liabilities were provided by Pati Traders as at 31st December 2012

Items	Shs
Bank overdraft	80,000
Land	200,000
Accrued electricity	50,000

Stock 10,000
Debtors 20,000 The business had drawings amounting to sh 20,000, during the year.

Required:
Prepare balance sheet for Pati Traders. (4 marks)

21. List four factors that may limit the growth of a country's national income. (4 marks)
22. State four current trends in sales promotion. (4 marks)
23. Outline four factors to be considered when choosing a channel of distribution. (4 marks)
24. State whether the tax described below is direct or indirect (4 marks) a) Stamp duty
    b) Wealth tax
    c) Excise duty
    d) Value Added tax
25. A business enterprise had a cash balance of 50,000 and overdraft of sh 15,000 on 1st June 2007. The following transactions were conducted.

    June 2, A debtor paid sh 40,000 by cheques

    June 10, The business bought stock sh 10,000 in cash
    June 15, Sold goods sh 30,000 cash.

Required:
Prepare a two column cash book. (4 marks)

MERU FORM 4 JOINT EVALUATION TEST
Kenya Certificate of Secondary Education
565/2
BUSINESS STUDIES
Paper 2

1. a) Outline five ways in which a computer can improve efficiency of an organization. (10 marks)
   b) Intermediaries play a key role in the chain of distribution. Explain any five such roles. (10 marks)

2. a) Explain five ways in which the government may create an enabling environment for business. (10 marks)
   b) The following trial balance was extracted from the books of Tausi Traders as at 30th June 2014

Details	Dr	Cr
Stock on 1st July 2013	180,000	
Debtors and creditors	195,000	120,000
Discounts	75,000	96,000
Sales and purchases	1,200,000	1,740,000
Premises	1,630,000	
Carriage outwards	24,000	
Returns	60,000	150,000
Fixtures and fittings	300,000	
Carriage in wards	100,000	
Machinery	600,000	
Commissions	48,000	
Capital		42,000
Wages and salaries	90,000	2,454,000
Cash in bank	420,000	
Rent income		110,000
	4,712,000	**4,712,000**

Closing stock 210,000

Required:Prepare a trading, profit and loss account for the year ended 30th June 2014. (8 marks)

Prepare tausi's balance sheet as at 31st June 2014 (4 marks)

3. a) Explain five remote external factors that influence business operations. (10 marks) b) Expalin five reasons why government may impose trade restrictions. (10 marks)
4. a) Record the following information relating to the traders in the relevant books of original entry for the month of June 2013 and post them to the relevant ledger Accounts. (10 marks)

   June 2: Credit sales to Wako retailers worth sh 8,000 issued invoice No. 0111.

   June 5: Credit purchases from Jamu suppliers worth sh 30,000 received invoice No. 20

   June 8: Credit sales to Mwenda worth sh 12,000 issued invoice No.12

   June 16: Credit purchases from Sam Traders and Mwiti traders worth sh 5,300 and sh 6,200 and issued with an invoice No.13 and 14 respectively.

   June 18: Credit sales Wako retailers and Mwiti traders worth sh 5,300 and 6,200 and issued with an invoice No. 13 and 14 respectively.

   June 24: Credit purchases from Sam and Wangu traders sh 1000 and 2,800, invoice No.451 and 722 respectively.

   b) In the last few months, the supply of mangoes in Chuka Town was on increase. Explain any five factors that may have attributed to this. (10 marks)
5. a) Most of the African countries are suffering from rapid unemployment rates. Explain five causes of this situation.
   b) Public finance refers to activities carried out by the government in raising and spending of finances. Explain five purposes of public finance.
6. a) Outline five advantages of pipeline transport over the road transport. (10 marks)
   b) The following transaction took place in the business of JohanaMakembo in the month of May 2013.
   2013

   May 1: started business with sh 100,000 in bank and sh 20,000 in cash May 3: Purchased goods values at sh 24,000 from Kanyua on credit May 6: Paid rent sh 1200 by cheques.

   May 10: Purchased a delivery van valued at sh 720,000 from Mwema Motors and paid by cheques.

   May 12: Sold goods in cash sh 45,000.

   May 15: Paid Kanyuash 10,000 by cheques.

   Required: Use the above information to:

   Prepare the relevant ledger accounts and balance them off as at 15th May 2013 (7 marks)

Extract a trial balance. (3 marks)

KURIA EAST SUB-COUNTY JOINT EXAMINATION COUNCIL
Kenya Certificate of Secondary
565/1
BUSINESS STUDIES
PAPER 1

1. State whether each of the following factors fall under micro-environment or macro-environment (4 mks)

Factor	**Environment**
i) Legal political environment	
ii) Business structure iii) Economic environment iv) Human resources	

2. State **four** ways in which consumers may protect themselves against exploitation. (4 mks)
3. Give **two** differences between goods and services. (4 mks)
4. Outline **four** circumstances under which cash with order (C.W.O) is appropriate (4 mks)
5. Using a well labeled diagram explain the movement along a demand curve. (4 mks)
6. Highlight **four** factors that may limit the exploitation of natural resources. (4 mks)
7. Identify the term of insurance described in each of the following statements. (4 mks)
   i) A risk which when it occurs it may result to a loss or a profit
   ii) A specified amount of money paid at regular intervals by the insured to the insurer.
   iii) The insurance company that undertakes to compensate the insured in event of a loss arising from occurrence of the insured risk.
   iv) A document containing the terms and conditions of the contract between the insurer and the insured.
8. Outline **four** sources of monopoly power. (4 mks)
9. Highlight **four** effects of eliminaing wholesalers from a distribution channel. (4 mks)
10. State **four** advantages of publicity as a method of product promotion. (4 mks)
11. Highlight **four** disadvantages of free trade. (4 mks)
12. State **four** accounts used to record the movement of stock. (4 mks)
13. Outline **four** barriers to effective communication. (4 mks)
14. Highlight **four** money transfer facilities offered by commercial banks to its customers. (4 mks)
15. State **four** positive effects of inflation (4 mks)
16. Outline **four** merits of indirect tax. (4 mks)
17. State **four** demerits of underpopulation to a country. (4 mks)
18. The following balance sheet was extracted from the books of Tumaini Investment as at 31st December 2014.

Tunaini Investments

Balance sheet

As at 31st December 2014

Assets		shs	**Capial & liabilities**		shs
Fixed assets			capital		1,200,000
Land & buildings		1,000,000			
Motorvehicle		500,000	**Long term liabilities**		
Furniture		100,000	Loan from KIE	300,000	
		1,600,000	Loan from ICDC	110,000	410,000
Current assets					
Stock	50,000		**Short term liabilities**		
Debtors	30,000		Creditors	70,000	
Cash at bank	20,000		Salaries owing	30,000	100,000
Cash at hand	10,000	110,000			
		1,710,000			**1,710,000**

Calculate:-

i) Borrowed capital (1 mk)
ii) Capital employed (2 mk)
iii) Working capital (2 mk)

19. From the transactions given below name the account to be debited (Dr.) and the account to be credited (CR) (4 mks)

TRANSACTION	**DEBIT (DR)**	**CREDITED (CR)**
i) Deposited shs. 2000 into the bank from the cash box		
ii) Sold goods on credit worth shs 5,000		
iii) Purchased goods in cash worth shs 4,000		
iv) Withdrew goods worth shs 2,500 for own consumption.		

20. The following balances were extracted from the books of Rioba Agencies for the period ended 30th June 2013.

	shs
Stock (1/7/12)	14,700
Sales	86,400
Purchases	65,000
Returns outwards	4,700
Carriage inwards	2,200
Commission received	8,100
Salaries	2,500
Stock on 30th June 2013	20,000

Required:

Prepare the trading account for Rioba Agencies for the year ended 30th June 2013. (4 mks)

21. Outline **four** current trends in the road transport in Kenya today. (4 mks)
22. State **four** structural changes that may take place when a country is experiencing economic development. (4 mks)
23. Highlight **four** features of a bounded warehouse. (4 mks)
24. State **four** negative implications of production activities on the community. (4 mks)
25. The following cash transactions took place in he business of Ochieng during the first week of June 2013.

2013 June

2013 June 1. Balance brought down was cash shs 20,000, bank shs 45,000

2013 June 2. Sold goods worth shs 10,000 by cash

2013 June 3. Sold a piece of furniture for shs 8,000 and the amount was directly paid to the bank.

2013 June 4. Bought goods worth shs 16,000 paying partly by cheque worth shs 9,000 and the balance was paid in cash.

2013 June 5. Banked all the cash except shs 5,000

Required

Prepare a two column cash book.

KURIA EAST SUB-COUNTY JOINT EXAMINATION COUNCIL
Kenya Certificate of Secondary Education
565/2
BUSINESS STUDIES

1.a) Explain five measures the government may take to curb push inflation(10 mks)

b)Explain five principles under which co-operation societies should be managed(10 mks)

2a)Explain five advantages of a declining population(10 mks)

b) The following information was obtained from the books of Nyota Njema Traders **Invoices Received**

Jan 2,2015 Shari Traders for sh. 80,000 invoice No. 41 Jan
18,2015 Chacha traders for sh. 120,000 invoice no. 72.

Jan 25,2015 Nala traders for sh. 200,000 invoice no 31 **Invoices issued**

Jan 5,2015 Song traders for sh. 50,000 invoice no.1

Jan 6,2015 Mali traders for sh. 6,800 invoice no. 2

Jan 10,2015 Mamba traders for sh. 22,000 invoice no. 3

Credit Notes received

Jan 10,2015 Shari traders sh. 4,000 Credit Note number 16

Jan 28,2015 Malo traders for sh. 3,500 Credit Note no. 23

Credit notes issued

Jan 8,2015 Song traders for sh. 3,000 credit note No. 1

Jan 26,2015 Mali traders for sh. 7,200 credit note no. 2

Required: Journalize the information above in the relevant subsidiary books (10 mks)

3. a) Explain **five** disadvantages of long chain of distribution of goods to a buyer. (10 mks)
   b) Explain **five** qualities of an office messenger. (10 mks)
4. a) Explain **five** measures taken by the central bank of Kenya (CBK) to control credit. (10 mks)
   b) Discuss **five** economic importance of natural resources. (10 mks)
5. a) Explain **five** benefits of economic integration to member states. (10 mks)
   b) Despite the advantages of railway transport. It has not been competitive as other means of transport in Kenya.

   Explain five reasons that have hindered its competitiveness. (10 mks)

6. a) The following transactions relate to Leo traders for the Month of Feb 2015

   Feb 1 started a business with sh. 180,000 in bank

   6 Bought goods on credit from Mato sh. 80,000 and King sh. 50,000

   10 Sold goods for credit to Edna sh. 141,500

   12 Paid Mato sh. 25,000 and King sh. 31,000 by cheque

   15 Recieved a cheque worth sh. 24,000 from Edna

   28 Returned goods to Mato sh. 1,000

   28 Withdrew sh. 5,000 from bank for personal use.

   Required: Enter the transaction above in the relevant ledger accounts and balance them off. (13 mks)

   b) Outline **Seven** benefits of pooling of risks. (7 mks)

MURANGA SOUTH SUB-COUNTY MULTILATERAL EXAMINATION
Kenya Certificate of certificate
BUSINESS STUDIES
PAPER 1

1. Outline four reasons why one may want to start a business(4 mks)

2. The following are human wants that people have. Indicate whether each is a basic want, comfort or a luxury . (a) Entertainment
(b) Bread for street boy
(c) University education
(d) A Gold watch (4mks)
3. Office equipment include all necessary office machines and furniture. Explain **four** roles played by equipment in an office (4mks)

4. State **four** advantages of pipeline transport (4mks)
5. State **four** challenges that may be faced by a consumer who buys goods from intermediaries (4mks) 6. Outline **four** characterisitcs of monopoly
7. The following information relates to Karima Kogi stores for the year ending 31st Dec 2014

	Sh
Stock	50,000
Cash at Bank	15,000
Machinery	240,000
Creditors	75,000
Debtors	55,000

Required: Draw Karima Kogi stores Balance Sheet as at 31st December 2014 (3mks)

8. Classify the following account as real, nominal or personal
(a) Purchases
(b) Stock
(c) XYZ Company Ltd
9. Outline **four** factors that determine the location of a firm (4mks)
10. Mention **four** features of capital as a factor of production (4mks)
11. Give **four reasons** which make buyers to shy off from buying goods through hire purchase (4mks)
12. Identify any **four** goals of Economic Development (4mks)
13. List down **four** errors that are not revealed by a trial balance (4mks)
14. Outline **four** factors that might cause demand pull inflation (4mks)
15. Wanjiku operates a business on her own. State **four** disadvantages she is likely to suffer for operating the business on her own (4mks)
16. State **four** factors that a business person will consider when determining the mose viable business opportunity

(4mks)

17. Record the following transactions in a 2 - column cash book of Waigwa Traders and balance it off (5mks)

2012

Jan 1	Balance b/d	Cash	Sh. 10000
		Bank	Sh .25000
Jan 2	Bought stock in cash		Sh. 6000
Jan 7	Cash sales		Sh. 2500
Jan 12	Withdrew cash from bank for office use		Sh. 4000
Jan 15	Paid wages in cash		Sh. 3000
Jan 21	Received sh 4500 from Karanja by cheque		

WAIGWA'S 2-COLUMN CASH BOOK

DATE	DETAILS	CASH sh.	BANK sh.	DATE	DETAILS	CASH sh.	BANK sh.

18. Explain the following terms of sale as used in international trade (4mks)
    (i) LOCO Price.
(ii) Cost, Insurance and Freight
(iii) In Bond
(iv) Franco
19. Highlight **four** reasons why the government trains business people (4mks)
20. State **four** characteristics of a life assurance policy (4mks)
21. Highlight **four** advantages of publicity to a firm (4mks)
22. Apart from demand and supply. Mention other **four** methods of determining the price of a product (4mks)
23 Outline **four** functions of money. (4mks)
24. Highlight **four** purposes of public finance (4mks)
25. Indicate whether the transactions given below will increase, decrease or have no effect on the capital of a business (4mks)

(a) Bought stock on credit
(b) Losses incurred by the firm
(c) Received cash from a debtor
(d) Additional cash invested by the owner

MURANGA SOUTH SUB-COUNTYMULTILATERAL EXAMINATIONS
Kenya Certificate of Secondary Education
562/2
BUSINESS STUDIES
PAPER 2

1 a) The Kenya government has been supporting the Co-operative movement. Discuss five features of a co-operative Society
b) Due to unemployment many youths are involving themselves in crimes hence posing a threat to National security
Explain five causes of unemployment in the country (10mks)

2 a) Susan has a choice of either buying goods from kiosk or a supermarket. Explain to her five reasons why she may prefer to buy goods from the Supermarket instead of the kiosk (10mks)

b) Discuss five roles played by commercial banks in developing the Kenyan economy (10mks)

3 a) Mention and explain four office etiquettes expected of an office worker (8mks)

b) The following Trial balance was extracted from books of Maragwa Traders as at 31st December 2014

Maragua Traders
Trial Balance
As at 31st Dec 2014

Details	Dr. (sh)	Cr. (sh)
Purchases	300,000	
Sales		450,000
Returns inwards	40,000	
Returns outwards		10,000
Capital		89,000
Machinery	90,000	
Bank	30,000	
Carriage inwards	20,000	
Carriage outwards	1,500	
Stock (Jan 1.2014)	50,000	
Creditors		85,000
Debtors	60,000	
Salaries	9,000	
General expenses	3,500	
Rent	30,000	
	634,000	634,000

Stock on 31 Dec 2014 was valued at sh. 67,500

Required

(i) Prepare a Trading and profit and loss account for the year ended 31st December 2014
(ii) Prepare a Balance sheet as at 31st Dec 2014 (12mks)

4 (a) Discuss five factors that may influence the choice of a means of communication (10mks)

(b) Graphically, explain the effect of a decrease in demand on equilibrium price and quantity of a commodity (10mks)

5 (a) Onyango does not know that national income statistics are of any importance. Explain to him five uses of national income statistics (10mks)

(b) Kenya has been suffering from Balance of payment deficit . Explain five measures that it can adopt to correct the balance of payment deficit (10mks)

6 (a) Explain five roles played by warehousing in the development of Kenya's economy (10mks)

(b) Mega Traders had the following transactions that took place in the month of April 2014

Invoices received

April 1 K.K. Suppliers Sh. 40,000
2 Onchoke Sh. 8,000

6 K.K. Supplier Sh. 15,000

Invoices issued

April 3 Onyango Sh. 50,000

4 Moturi Sh. 30,000

Credit notes issued

April 5 Moturi Sh. 3000

Credit notes received

April 7 K.K. Suppliers Sh. 1000

7 Onchoke Sh. 1500

Required : Record the above transactions in the relevant subsidiary books and relevant post to the ledger accounts (10mks)

GATUNDU SOUTH FORM FOUR EVALUATION EXAM
Kenya Certificate of Secondary Education
565/1
BUSINESS STUDIES
PAPER 1

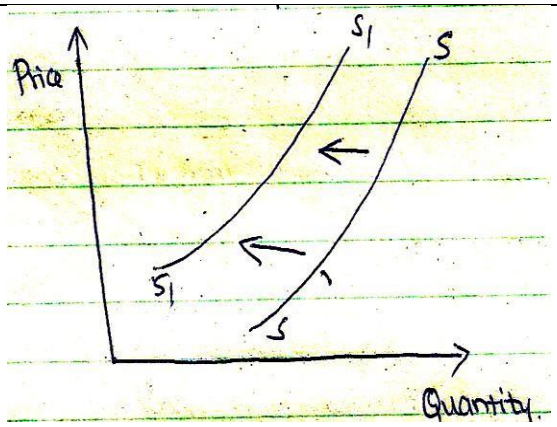
1. Identify the terms given to each of the following statements. (4 marks)

	Statement	Term
a.	Transport goods from producers to consumers	
b.	Activities carried out with a view of making profit.	
c.	A person who uses a good or service.	
d.	Increasing the usefulness of a good or services	

2. Outline four business resources that business can use to enhance its operation. (4 marks)
3. Outline four characteristics of basic wants. (4 marks)
4. Outline four gaps in the market that may give rise to a business opportunity. (4 marks)
5. Indicate in the table below the office machine used to perform the following functions. (4 marks)

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

6. Highlight four features of subsistence production. (4 marks)
7. Highlight four circumstances under which deffered payment may be appropriate. (4 marks)
8. Outline four advantages of consumer co-operatives. (4 marks)
9. Outline four disadvantages of using a train as a means of transport. (4 marks)
10. Highlight four functions of advertising agencies. (4 marks)
11. The figure below shows a shift in supply curve from SS to S_1S_1.



State four possible causes that might have led to this situation. (4 marks)

12. The following balance sheet relates to Uzuri traders

UZURI TRADERS
Balance Sheet
As at 31st May

	sh.	Sh.	Capital and Liabilities		
Fixed Assets			Capital		2,172,000
Land	1,800,000		Long term liabilities		
Motor vehicle	1,000,000		Loan from KCB	400,000	
Furniture	30,000	2,830,000	Loan from K.I.E	300,000	700,000
Current assets			Short term liabilities		
Stock	80,000		Creditors	100,000	
Debtors	50,000		Salary owing	40,000	140,000
Cash at bank	32,000				
Cash in hand	20,000	182,000			
		3,012,000			3,012,000

Required:

Calculate (i) Capital owned (1 mark)

(ii) Borrowed capital (1 mark)

(iii) Working capital (1 mark)

(iv) Capital employed (1 mark)

13. Record the following transaction in a two column cash book.

2012

Jan 1 : Started business with capital of sh20,000 cash and sh 50,000 at bank.

2 : Bought stock in cash sh 120,000

3 : Cash sales sh 5,000

7 : Bought stock worth sh 10,000 on credit.

12 : Withdrew cash from bank for office use sh.8,000.

15 : Paid rent by cheque shs 6000.

20 : Received shs 4000 by cheque from a debtor.

14. Highlight four problems that Kenyan government may experience in implementing a development plan. (4 marks)
15. Outline four ways in which the government creates an enabling environment for business operations. (4 marks)
16. Highlight four advantages to the government of Kenya for setting up Export Processing Zones (EPZs) (4 marks)
17. Enter the following transactions in the relevant ledger accounts. (4 marks)

2011

July 1: Opening balances cash ksh 24,000, bank kshs 8000 (cr)

3: Paid rent kshs 4,000 in cash

4: Bought goods worth ksh 8,000 and paid by cheque

5: Deposited ksh. 5,000 from the business into the bank.

18. Give four reasons why firms choose to remain small in an economy dominated by large firms. (4 marks)
19. Outline four features of a perfect competition market. (4 marks)
20. Highlight four factors that may determine the amount of revenue to be collected through taxation. (4 marks)
21. Peterson started a handware business on 1st Janaury 2010. The following is a summary of his transaction during the month

Invoices issued

2010 Jan 2: Mwiti Traders kshs 50,000

Jan 5: Mutahi Traders ksh 150,000

Invoices received

2010 Jan 3: Solomon Traders kshs 80,000

4: Kanake Enterprises kshs 160,000 Required:

Record the above details in the appropriate subsidiary books. (4 marks)

22. State four errors that do not affect the agreement of a trial balance. (4 marks)
23. With the advancement of information technology (I.T), there has been a lot of revolution in communication; identify four current trends in communication. (4 marks)
24. Draw four differences between whole life policy and endowment policy. (4 marks)

Whole life Endowment policy

25. Outline four factors that affect the circular flow of income. (4 marks)

GATUNDU SOUTH FORM FOUR EVALUATION EXAM
Kenys Certificate of Secondary Education
565/2
PAPER 2

1. a) Explain five factors that may hinder effective communication. (10 marks)
   b) Explain five causes of unemployment in Kenya today. (10 marks)
2. a) Describe five features of good money. (10 marks)
   b) Explain five measures that the government may use to curb undesirable levels of inflation. (10 marks)
3. a) Describe five methods a country can apply to correct her deficit balance of payments disequilibrium.

(10 marks) b) Explain five ways in which warehousing promotes trade in Kenya. (10 marks)

4. a) Explain five factors which may influence choice of a distribution channel. (10 marks)
b) State and explain five macro environments and the positive effect of each on the performance of a business (10 marks)

5. a) Describe five uses of national income statistics to a country.
b) Gatundu wholesalers have been buying sugar directly from Mumias Sugar Company. Explain five services offered by Gatundu wholesalers to Mumias Sugar Company.
6. a) Explain five roles that the insurance industry plays in an economy. (10 marks)
b) The following trial balance was extracted from the books of Kigumo Enterprises for the year ended 31/12/2014.

KIGUMO ENTERPRISES
TRIAL BALANCE
AS AT 31ST DEC. 2014

	DR (shs)	CR(shs)
Capital		250,000
Drawings	33,000	
Opening stock	47,000	
Purchases	300,000	
Sales		420,000
Returns inward	4,000	
Returns outward		7,000
Carriage outward	10,000	
Carriage inward	28,000	
Discount allowed	4,000	
Furniture	25,000	
Motor vehicle	145,000	
Creditors		55,000
Discount received		14,000
Premises	100,000	
debtors	50,000	
	746,000	746,000
	======	======

Closing stock was valued at shs 55,000 while depreciation on motor vehicles was shs 15,000 *Required:*

(i) Trading and profit and loss account for the year ended 31st Dec. 2014.
(ii) Balance sheet as at 31st Dec. 2014 (10 marks)

GATUNDU NORTH SUB-COUNTY EXAMINATION
Kenya Certificate of Secondary Education
565/1
PAPER 1

1. Identify any **four** characteristics of Human - wants (4mks)
2. In the table below, show the distinction between Direct and Indrect production (4mks)

DIRECT PRODUCTION	INDIRECT PRODUCTION

3. Highlight **four** reasons why people choose to be enterpreneurs (4mks)
4. List **four** ways in which filling of documents may facilitate smooth running of an office (4mks) 5. State **four** functions of an invoice in commercial transactions (4mks)
6. List **four** circumstances under which a trader may issue a debit note (4mks)
7. Outline **four** benefits that accrue to a business person who uses the latest technology in record -keeping
8. State **four** circumstances under which a business person may prefer to transport goods by boda boda (4mks) 9. Highlight **four** problems facing savings and credit co-operative societies (Saccos) (4mks)
10. Outline circumstance under which verbal communication would be preferred to written communication (4mks
11. The following descriptions relate to insurance . State the term used for each description (4mks)
    (a) Temporary certificate of contract between the Insurer and the Insured
    (b) Periodic payments made by a policy holder
    (c) Insurance experts who appropriate the actual premiums to be paid
    (d) Life assurance lasting for a specified period
12. Highlight **four** features of a bonded warehouse (4mks)
13. State **four** benefits a trader may get by advertising products in a radio (4mks)
14. Outline **four** reasons why the government may use regulatory measures to protect consumers against exploitation

15. On 2nd November 2010, Kamu received an Invoice for sh. 24,000. Terms of payment were trade discounts 10% and cash discount 20% , if payment is made within 30 days . Determine the amount paid if payment was made on 28th November 2010 (4mks)
16. In the spaces below indicate the source documents that correspond to the books of original entry (4mks)

Source Document	Books of original entry
(a) Sales journal	
(b) Purchase Journal (c)	Return
Inwards Journal (d)	Purchase
Returns Journal.	

17. The following information relates to Maguna - Andu Traders

	Sh .
Stock 31/12/06	60000
Average stock	55000
Rate of stock turnover	6 times
Mark up	25%

Required
Prepare a trading account (4mks)

18. Outline **four** advantages of M- Banking (4mks)
19. State the term that is used for each of the following statements (4mks)

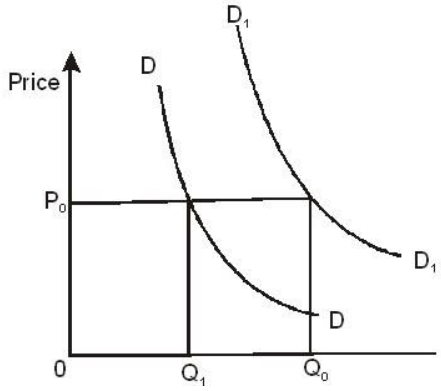
(a) A situation where the government has borrowed internally at high interest rates leaving little space for

locals to borrow from

(b) Debts Incurred by the government to finance activities that do not generate revenue at all at any time
(c) Government expenditure which is incurred all the time on a regular basis (d) Type of tax paid by companies based on profits

20. Highlight **four** measures that may be taken by a country to correct balance of payment deficit (4mks) 21.

The figure below shows an increase in demand for a commodity from DD to D_1 D1



State **four** possible causes that have led to this situation (4mks)

22 Differentiate between a perfect competition and an oligopoly (4mks)

23. The cash book below was incorrectly prepared (4mks)

DR CR

Date	Details	Cash	Bank	Date	Details	Cash	Bank
2006				2006			
Jan 1	Bal b/d	1400		Jan 1	Bal b/d		2500
3	Purchases		3500	4	Sales	800	
5	Salary	1000		10	Electricity		700
9	Debtor		500	12	Creditors	200	
				19	Rent		
					Received	1300	
				31	Bal c/d	100	800
		2400	400			2400	400

Identify **four** transactions that were wrongly entered in the cash book (4mks)

24. The government has risen the retirement age of civil servants from 55 years to 60 years. Highlight **four** economic effects of such a move (4mks)
25. The following transactions were extracted from the books of Rehema traders on 1st January 2009

	Shs
Capital	600,000
Creditors	180,000
Motor van	200,000
Furniture	200,00

Stock	60,000
Debtors	80,000
Cash	240,000

The following transactions took place during the year ended 31st Dec 2007

(i) Sold furniture worth sh. 60,000 for which sh. 40,000 cash was received and the balance was due at the end of the year
(ii) Purchased goods worth sh. 100,000 for which cash of sh. 70,000 was paid and the balance was still outstanding at the end of the year .
(iii) Cash of sh. 10,000 was taken from the business by the proprietor for personal use

Required :
Prepare Rehema's balance sheet as at 31:12:07

GATUNDU NORTH SUB - COUNTY JOINT EXAMINATION
Kenya Certificate of Secondary Education
565/2
BUSINESS STUDIES
PAPER 2

1 (a) Other than the instruments used by Central Bank to control credit creation, explain other five methods that are used to control inflation (10mks)
(b) Explain five principles which governs the insurance contract (10mks)
2 (a) Explain five internal business environment factors that may result to the success of a business (10mks)
(b) Explain five setbacks that may be brought about by over-population (10mks)
3 (a) Explain five reasons that may necessitate international trade restrictions by a country (10mks)
(b) Explain five merits of bonded warehouses to the importers (10mks)
4. (a) Describe five types of wholesalers (10mks)
(b) Explain five ways in which the national income statistics may benefit a country (10mks)
5. (a) The following information was extracted from the books of KADU as on 31st Dec 2014

	Shs
Premises	180,000
Furniture	50,000
Debtors	61,540
Cash in hand	60,000
Capital	165,000
additional investment	20,000
Cash in bank	2,000
5 yrs bank loan	80,000
Creditors	77,040

Rent	16,540
Electricity	1,500
Commission received	3,000
Gross profit	45,000
Discount allowed	2,000
Carriage outward	5,000
Salaries	11,460

(b) Explain five factors that could increase the quantities of beans supplied in a market (10mks)

6 (a) Explain five roles of stock exchange market (10mks)

(b) Explain five ways in which the Non-bank financial institutions contributes to economic development in Kenya

(10mks)

1.

KIRINYAGA WEST SUB-COUNTY EFFECTIVE 40 EXAMINATION
FORM 4 EXAM
565/1
PAPER 1

1.Highlight four ways of increasingthe efficiency of land as a factorof production(4mks)

2. State four types of expenditure that are included in measuring national income using expenditure approach (4 mks)
3. Name four characteristics of human wants (4 mks)
4. The following balances were extracted from the books of Tahidi high as at 31st Dec 2011

	Shs.
Furniture	20,000
Carriage outwards	5,000
Discount received	3,000
Gross profit	12,000
Rent income	2,500
Salaries	5,000
Insurance	1,000
Creditors	7, 000
Elecriticity	2,000

Required to prepare Tahidi high profit and loss account for the period ended 31st Dec 2011

5. State five reasons why communication may not be effective (4 mks)
6. Outline four differences between commmercial banks and non-banking financial institutions (4 mks)

7. Business studies is a wide subject that covers several disciplines. Outline four such disciplines (4 mks)
8. State four importances of entrepreneurship (4 mks)
9. Give the uses of the following office equipment

(i) Equipment Use

a) Stapler

b) Paper shredder
c) Computer
d) Franking machine (4mks)

10. State the meaning of the following terms as used in transport

1.

a) Charter party
b) Full container load
c) Voyage charter

11. Highlight four different types of advertisement (4 mks)
12. State whether each of the following resource is renewable or non-renewable

Resource	Classification
a) Hydro-electric power	
b) Iron	
c) Rubber	
d) Coal	

(4 mks)

13. Give four clauses of memorandum of association (4 mks)
14. Outline the four likely channels of distributing agricultural products (4 mks)
15. Classify the following taxes as either direct or indirect
    a) Personal income
    b) Custom income
    c) Capital gain
    d) Sales tax (4 mks)
16. Identify four trends in international trade (4 mks)
17. List four features of co-operative societies (4 mks)
18. Outline five macro-environment factors that affects operations of a business (4 mks)
19. State five circumstances under which credit sale may be appropriate to a trader (4 mks)
20. Highlight four ways in which inflation may be of benefit to a trader and the growth of the economy (4 mks)
21. Kenya vision 2030 is currently in the implementation stage. Give four challenges that are likely to be experienced

(4 mks)

22. Given the following transactions, state the account to be debited and credited

Transaction	Account to be debited	Account to be credited

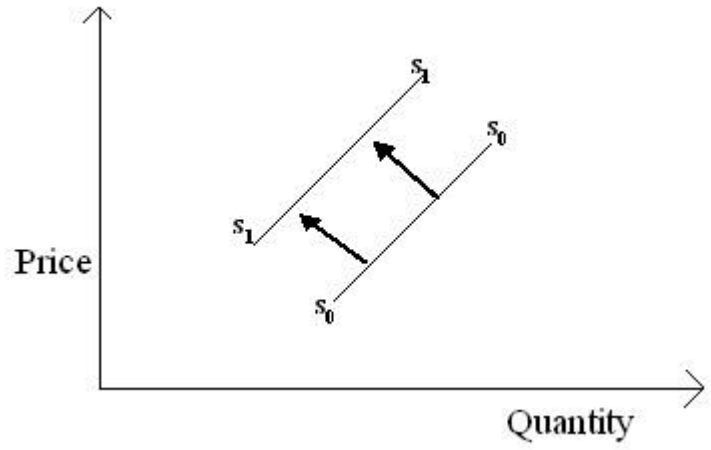
a) Sale of stock on credit
b. The owner converted in a private motor van into business use
c) Returned goods to the creditor
d) The proprietor withdrew cash for personal use (4 mks)

23. List the source documents that relate to the following statements

	Statement	**Source document**
1.	a) The seller received sh. 10,000 cash from the buyer in settlement of a debt	
	b) The supplier demanded for payment of sh. 20, 000 for goods delivered	
	c) The buyer returned damaged goods worth shs. 5000 to the seller	
	d) The petty cashier paid shs. 200 for travelling expenses	

(4 mks)

24



The diagram above shows shift in supply curve from S**0** S**0** to S**1** S**1** . Outline four factors that could have caused the shift shown above (4 mks)

25. Highlight five items contained in the partnership Act of 1963 (Kenya) (4 mks)

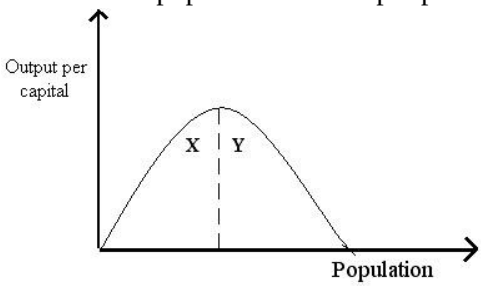
1.

KIRINYAGA WEST SUB-COUNTY EFFECTIVE 40 FORM FOUR EXAMINATION
Kenya Certificate of Secondary Examination
BUSINESS ESTUDIES
PAPER 2

a)State and explain five principles of insurasnce(10mks)

b) One of the reason of government involvement in business activities is to regulate demand and supply of commodities. Explain five ways through which the government may cause a decrease in the supply of a commodity (10 mks)

2. a) The diagram below shows the population and output per capita of China.



Explain five advantages China would get if her total population is found in the part marked Y (10 mks) b) Explain five assumptions associated with perfect competition (10 mks)

3. a) Study the balance sheet and answer the following questions below

MAVOKO TRADERS

BALANCE SHEET

As at 31st Dec 2000

Fixed Assests		**Capital**	422, 930	
Premises	300,000	Add Net profit	220, 500	
Furniture	51,500	Less drawings	(175,000)	468, 450
Machinery	140,000			
Motorcar	190,000 (681,500)	**LTL**		
Current Assests		Mortage loan	300000	
Stock	124,500	Bank loan	100000	400, 000
Debtors	103, 650	**Current liabilities**		
Cash at bank	54850	Creditors		99, 720

1.

Cash at hand	3650	(286, 650)	
		968, 150	**968, 150**

Calculate:

i) Working capital (WC) (2 mks) ii) Return on capital (ROC) (2 mks) iii) Borrowed capital (2mks)
iv) Current ratio (2 mks)
v) Quick ratio (2 mks)

b) The new devolved government of Kenya aims at decentralising government and business activities. Discuss any five advantages associated with this type of government (10 mks)

4. a) Explain five benefits of warehousing to a business (10 mks)

b) Enter the following transactions in the cashbook and balance it at the end of the month (10 mks) - Soko Huru traders had the following balances on 1st Jan 2000

Cash in hand 4,000

Cash at bank 10,000

- Jan 2: Paid salaries in cash 2000
- Jan 3: Received a cheque from a debtor ksh 12,000
- Jan 4: Withdrew kshs. 7000 from bank for office use
- Jan 5: Paid water bill by cheque ksh. 2000
- Jan 20: Purchased furniture worth ksh. 30,000, paid ksh. 10,000 in cash and the rest by cheque

5. a) Discuss five factors that have limited the practise of barter trade in Kenya (10 mks)

b) The following information relates to Ndonga Traders for the month of Jan 2015

Jan 1: Sold goods on credit worth ksh. 100,000 to Maina, invoice no. 101

Jan 2: Sold goods to Wema traders on credit worth ksh. 50,000, invoice no. 102

Jan 3: Maina returned goods of ksh. 20000, credit note no. 206

Jan 4: Wema Traders returned goods worth ksh. 5000, credit note no. 207

Required:

Prepare relevant journey entries, record the above transactions and then post to the relevant ledger accounts (10 mks)

6. a) As a business expands, it experiences economies of scale such division of labour and specialization. Explain five benefits of the economy of scale mentioned (10 mks) b) Discuss five features of a supermarket (10 mks)

1.

KIRINYAGA CENTRAL SUB-COUNTY JOINT EXAMINATION
Kenya Certicate iof Secondary Education
565/1
BUSINESS STUDIES
PAPER 1

1. Outline **four** services offered by wholesalers to retailers. (4 marks)
2. State **four** benefits enjoyed by a trader who does not sell on credit. (4 marks)
3. Highlight **four** features of a good filing system. (4 marks)
4. State **four** roles of an entrepreneur in production. (4 marks)
5. Outline **four** reasons why a trader may prefer to transport his goods by train. (4 marks)
6. Outline **four** sources of monopoly power. (4 marks)
7. Give **four** problems experienced by a trader who stores goods in a public warehouse. (4 marks)
8. State whether the following items represent injection into or leakages from the circular flow of income(3 marks)

	Item	**Injection/Leakage**
(a)	Savings	
(b)	Taxes	
	Government expenditure	
(c)	Investments	
	Exports earning	
(d)	Expenditure on imports	

(e)

(f)

9. The following balances were extracted from the books of Tumaini traders on 31st December 2011:

Item	**Shs.**
Equipment	400,000
Cash	60,000
Debtors	250,000
5 year bank loan	350,000
Stock	220,000
Motor vehicle	600,000
Creditors	150,000
Bank overdraft	70,000

Prepare Tumaini Traders balance sheet as at 31st December, 2011. (5 marks)

1.

10. The following transactions were extracted from the books of John traders for the month of January 2010.

January 15: Purchased furniture on credit worth Ksh.100,000 from Rashid traders.

January 20: Sold goods on credit worth Ksh.320,000 from Kanji Traders.

Record the above transactions in the relevant ledger accounts. (4 marks)

11. State the type of inflation relating to each of the following descriptions. (4 marks)

	Description	**Type of inflation**
(a)	A rise in prices due to an increase in money supply.	
(b)	An increase in prices due to an increase in the prices of factors of production.	
(c)	A rise in prices as a result of buying expensive goods from foreign countries.	
(d)	A rise in prices due to uneven growth in some sectors of the economy.	

12. State **four** causes of unemployment in Kenya. (4 marks)
13. Highlight **four** diseconomies of scale that a firm may face when it expands its operations. (4 marks)
14. Highlight **four** functions of the commercial banks. (4 marks)
15. State **four** benefits of running a sole proprietorship business. (4 marks)
16. Highlight **four** factors that a trader may consider when determining the appropriate means of transport. (4 marks)
17. State **four** changes that may take place in a country to indicate that it is experiencing economic development. (4 marks)
18. Outline **four** circumstances when the government may borrow from internal sources. (4 marks)
19. Indicate the book of original entry in which each of the following transactions would be recorded. (4 marks)

	Transaction	**Book of original entry**
(a)	Bought a computer on credit	
	Sold goods on credit	
(b)	Returned goods previously bought on credit	
	Goods sold on cash	
(c)		
(d)		

20. State **four** advantages of written communication. (4 marks)
21. List **four** ways the government may regulate business activities in a country. (4 marks)
22. Explain the meaning of the following terms as used in demand and supply.
    (a) Joint demand. (2 marks)
    (b) Excess supply. (2 marks)
23. Outline **four** circumstances in which a country may find it necessary to control imports. (4 marks)
24. Highlight **four** advantages of advertising to the producer. (4 marks)

1.

25. The following information was extracted from the books of Pango Traders for the year ending 31st December 2012.

	Kshs.
Opening stock	60,000
Purchases	180,000
Return outwards	5,000
Sales	300,000
Profit margin	15%

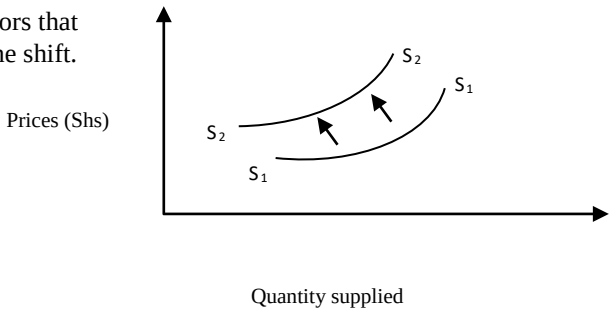
Calculate:

(a) Cost of goods sold. (2 marks)

(b) Closing stock. (2 marks)

KIRINYAGA CENTRAL SUB-COUNTY JOINT EXAMINATION
Kenya Certificate of Secondary Education
565/2
BUSINESS STUDIES
PAPER 2

1. (a) Abednego runs a factory and has employed fifty workers. Explain **five** reasons why it would be beneficial to assign each worker a specific job in production. (10 marks)
   (b) Explain **five** factors that a trader may consider when determining the appropriate channel for distributing goods.
2. (a) The diagram below shows a shift of the supply curve of a commodity from S_1S_1 to S_2S_2. Explain **five** factors that would have caused the shift. (10 marks)



   (b) Explain any **five** challenges that an under populated country may experience. (10 marks)
3. (a) Explain **five** benefits that a wholesaler may get if he operates own warehouse. (10 marks)
   (b) A country in Africa has been experiencing unfavourable balance of payment. Explain **five** ways through which she can reverse this trend. (10 marks)
4. (a) Ramji operates a large hardware business in a town in Kenya. Apart from motor vehicle insurance policies, highlight giving reasons, **five** insurance policies that may be beneficial for this business. (10 marks) (b) Mchuuzi, civil servant has opened a bank account with a local bank.
   Explain to him any **five** benefits of activating his account for M-banking. (10 marks)
5. (a) Explain **five** negative effects of inflation in the country. (10 marks)
   (b) Ali had the following assets and liabilities as at 1.7.2009.

Cash at Bank	50,000
Debtors	30,000
Creditors	50,000
Stock	20,000
Furniture	35,000

Additional information:

July	2:	Purchased stock worth Sh.16,000 on credit.
	6:	Sold some furniture for Sh.4,000 by cheque.
	9:	Received Sh.11,000 cash from debtors.
	13:	Sold stock Sh.10,000 paid by cheque.

Required: Prepare the relevant **ledger accounts**. (10 marks)

6. (a) Explain **five** internal factors that may encourage the achievement of business goals. (10 marks)
   (b) The following information was extracted from the books of Umeme Traders as at 31st December 2009.

	Shs.
Bank loan	567,000
Bank loan interest	1,440
Capital	1,680,000
Closing stock	87,000
Creditors	272,400
Debtors	140,280
Discount allowed	170,400
Electricity	30,240
Furniture	489,804
Furniture repairs	86,436

Gross profit	624,720
Maintenance on premise	72,000
Motor vehicle	1,080,000
Motor vehicle maintenance	360,000
Premise	648,000
Rent received	144,000
Sundry expenses	122,520

Prepare; i) Profit and loss account for the year ended 31st December 2009
ii) Balance sheet as at 31st December 2009. (10 marks)

KAHURO/KIHARU DISTRICT JOINT EXAMINATION – 2
Kenya Certificate of Secondary Education
565/1
BUSINESS STUDIES
PAPER 1

1. Give **four** reasons why it is difficult to satisfy human wants. (4 marks) 2. Highlight **four** advantages of using pipeline as a means of transport. (4 marks) 3. Outline **four** factors that may influence an investor to locate his factory in a rural area. (4 marks)

4. Outline **four** factors that hinders economic integration. (4 marks)
5. In each of the following cases state the type of inflation described. (4 marks)

	Description	Type of inflation
(a)	A rise in prices due to an increase in money supply	
(b)	A rise in prices due to an increase in the prices of factors of production.	
	A rise in price due to buying expensive goods from foreign countries.	
(c)	A rises from decision by firms to increase their profit margins by increasing prices of their products.	
(d)		

6. State **four** ways in which consumers are likely to suffer in a situation where there are no warehouses. (4 marks)
7. Post the following transactions to the relevant "T" accounts. (4 marks)
   (a) Started a business by depositing in the bank a cheque of Shs.10,000 on 2nd January 2011.
   (b) Withdrew cash Shs.2000 from the bank for business use on 5th January 2011.
   (c) Ngithi a debtor paid Shs.4000 in cash on 10th January 2011.
   (d) Withdrew cash Sh.1,000 from the business for personal use on 16th January 2011.
8. Outline **four** differences between a debit note and a credit note as business documents.
9. Highlight **four** advantages of sending parcels by courier services. (4 marks)
10. Outline **four** means used by commercial banks to transfer money. (4 marks)
11. State **four** factors that limit the efficiency of co-operatives in delivering services to their members. (4 marks)
12. Give **four** malpractices against which consumers may need protection. (4 marks)
13. Nzundu and Theku bought a building for Kshs.12,000,000. Nzundu paid Kshs.8,000,000 while Theku paid Kshs.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. (2 marks)
    (b) Calculate the amount of compensation that each one will receive based on their capital contributions. (2 marks)

14. Outline **four** factors that can accelerate economic development of a country. (4 marks) 15. Outline **four** circumstances under which gaps in the market may be identified. (4 marks)
16. Identify **four** reasons why most countries are getting rid of direct production. (4 marks)
17. Kamar, a manufacturer, exhibited his goods in a local trade show. However, his sales did not increase significantly. Outline **four** reasons that may have led to lack of significant sales increase. (4 marks)
18. The demand for commodity X doubled in six months even though the price of the commodity remained the same over the same period. State **four** factors that may account for the increase in demand. (4 marks)
19. Outline **four** reasons why it is important for the government to undertake taxation. (4 marks)
20. The following are daybooks used in recording business transactions. State the relevant source document used to record information in each of the daybooks. (4 marks)

	Daybook	Source document
(a)	Sales journal	
(b)	Cash receipt journal	
(c)	Purchases returns journal	
(d)	Cash payment journal	

21. Highlight **four** ways in which an office manager can ensure that the company's property is safeguarded.(4 marks)
22. The following information relates to Benja Retail Shop as at 31st December, 2006.

	Shs.
Opening stock	80,000
Closing stock	100,000
Sales	325,000
Rate of stock turnover	3 times

Calculate:

(i) the cost of goods sold. (2 marks)
(ii) the gross profit. (2 marks)

23. The following is an extract of a cashbook.

Date	Particulars	Cash	Bank		Date	Particulars	Cash	Bank
May 2	Balance b/d	W			May 6	Balance b/d		60,000
May 12	Sales	20,000			May 19	Purchases		30,000
May 20	Were P.		50,000		May 22	Rent	6,000	
May 28	Sales		120,000		May 22	Balance c/d	Y	X
			170,000				60,000	Z

Determine the figures represented by **W**, **X**, **Y** and **Z**. (4 marks)

24. Highlight **four** circumstances that can lead to creation of a monopoly. (4 marks)

25. From the factors given in the table state whether the factor constitute internal or external environment to a business. (4 marks)

	Factor	Environment
(i)	Social beliefs	
(ii)	Shareholder's resolutions	
(iii)	Market interest rate	
(iv)	Firm's physical infrastructure	

KAHURO/KIHARU DISTRICT JOINT EXAMINATION

Kenya Certificate of Secondary Education

565/2

BUSINESS STUDIES

PAPER 2

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1. (a) Describe any **five** channels that can be used to distribute locally manufactured goods. (10 marks) (b) Explain **five** challenges that may be experienced by a new entrepreneur who is intending to start a business in Kenya

2. (a) The table below shows the age distribution of a country.

Age in years	% of population
0 – 15	45
16 – 55	31
56 and above	24

Explain **four** negative economic implications of this age distribution to a country. (8 marks)

(b) The following trial balance was extracted from the books of Nyaituya on 31st December 2005.

	Dr (Shs)	Cr (Shs)
Sales		720,000
Purchases	340,000	
Returns	20,000	18,000
Rent	16,000	
Advertising	24,000	
Commission		9,000
Debtors/Creditors	54,000	64,000
Stock 1/1/2005	60,000	
Insurance	30,000	
Drawings	40,000	
Furniture and Fittings	100,000	
Cash in hand	15,000	
Premises	400,000	
Capital		288,000
	1,099,000	1,099,000

Additional information. Sh.

(i) Stock as at 31st December 2005 52,000
(ii) Rent accrued 6,000
(iii) Insurance paid in advance 4,000
(iv) Commission due 5,000 (v) Salaries owing 21,000

REQUIRED:

Prepare a trading, profit and loss account for the year ended 31st December 2005 and a balance sheet as at that date.(12 marks) 3. (a) Explain **five** circumstances that make it necessary for insurance companies to re-insure. (10 marks) (b) The following transactions relate to Pumua Wholesalers for the month of March 2011.

March 1: Bought goods on credit from Kawe distributors Shs.26,200, Kamakia Ss.15600, Mambo Shs.33,360.

March 2: Sold goods on credit to Fuma retailers Shs.37,200, Tito grocers

Shs.25,500 and Wamba traders Shs.16,250.
March 6: Returned goods to Kamakia Shs.2,400 and Mambo Shs.4,160.
March 9: Sold goods on credit to Tamu Shs.5,500 and Patu Shs.18,200.
March 11: Bought goods on credit from Chuma Shs.33,840.
March 15: Goods returned by Tamu Shs.1,500 and Fuma retailers Shs.1,820 and Patu Sh.2,600.
March 18: Bought goods on credit from Jama Shs.21,210 and Sama Shs.53,850.
March 26: Credit sales to Kamanja Shs.16,600, Orengo Shs.19,260 and Wama traders Shs.15,200.
REQUIRED:
Enter the above transactions in the respective books of original entry. (10 marks)

4. (a) Explain **five** methods that can be used by a country to solve the problem of deficit balance of payment. (10 marks) (b) Outline **five** differences between land and labour as a factor of production. (10 marks)
5. (a) Explain the distinctions between each of the following sets of goods and services. (10 marks) (i) Free goods and economic goods.
   (ii) Producer goods and consumer goods.
   (iii) Perishable goods and durable goods.
   (iv) Public goods and private goods.
   (v) Intermediate goods and finished goods.
   (b) Explain **five** ways in which an efficient road transport system may promote trade within a country. (10 marks)
6. (a) Using a well labelled diagram explain the flow of income in a two sector economy. (10 marks)
   (b) Give **five** differences between a fixed deposit account and a savings account. (10 marks)

KAJIADO COUNTY JOINT EXAMINATION
KENYA CERTIFICATE OF SECONDARY EDUCATION
565/1
BUSINESS STUDIES
PAPER 1

1. Highlight four factors to consider when choosing a means of transport. (4 marks)
2. Outline four difficulties that consumers may face in the satisfaction of human wants. (4 marks) 3. From the list of activities given in the table below. State the level of production they relate to. (4 marks)

	Activity	Level of production
i)	Dress making	
ii)	Selling goods in the market	
iii)	Milking a cow	
iv)	Cutting down trees	

4. Highlight four unethical practices in product promotion. (4 marks) 5. State four uses of an advice note in business transactions. (4 marks)

6. Outline four advantages of a short distribution channel of goods to a buyer. (4 marks) 7. The information given below represents a demand schedule for bread in a week

Price (sh)	Quantity demanded(loaves)
20	20
30	15
40	10
50	5

Required to plot the information on a graph. (4 marks)

8. Outline four challenges facing consumer associations in Kenya. (4 marks)
9. Highlight four external business environments that may lead to the success of a business. (4 marks)
10. The following information relates to the business of Nashipae

2011

Feb1st : Cash in hand sh. 23,500 and cash at bank sh. 11,500

Feb 2nd :Bought goods worth sh.8,000 in cash

Feb 4th : Cash sales amounting to sh. 6,900

Feb 5th : Deposited sh. 2,500 into bank from cash till.

Feb 7th :Withdrew sh. 3,000 from bank for family use

Feb 10th : Received a cheque of sh 6,000 from Siokino, a debtor

Required:

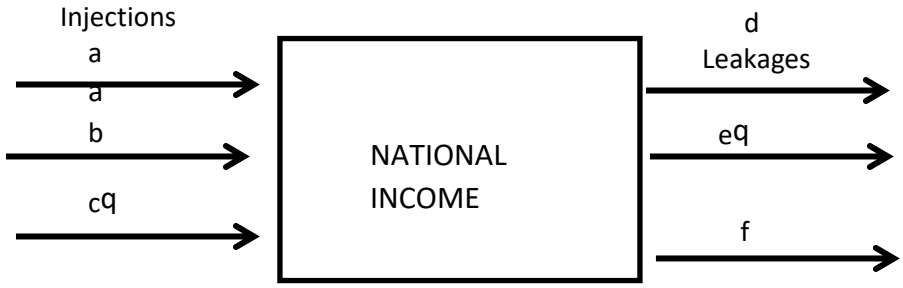
Prepare a two column cash book for Nashipae and balance it off. (5 marks)

11. Highlight four features of monopoly market structure. (4 marks)
12. Outline four factors to consider when evaluating a business opportunity. (4 marks)
13. Give four differences between a public warehouse and private warehouse. (4 marks)
14. Highlight four guidelines that govern the affairs of cooperative societies. (4 marks) 15.

Identify the insurance terms described below.

Description	Term
i) To transfer ownership of life policy to another person	
ii) Insuring same subject for the same risk with more than one insurance company	
iii) Regular payments for insurance cover	
iv) Refund received on cancellation of life policy before maturity.	

16. The diagram below depicts injections into and leakages from the national income.



State what is represented by the following letters

17. The following information was extracted from the books of Esidai wholesalers on 31st December 2012

Opening stock sh. 640,000

Closing stock sh. 800,000

Rate of stock turnover 3 times

Mark up 20%

Determine the gross profit. (4 marks)

18. Outline four characteristics of money. (4 marks)
19. State the type of unemployment relating to each of the following descriptions. (4 marks)

Description	**Type**
i) Arises when people are physically challenged	
ii) Arises out of mismatch between the skills possessed by potential employees and the job opportunities available	
iii) Caused by alternating trade patterns occurring at similar times over the years	
iv) Arises when there is change in methods of production	

20. Outline four circumstances under which a firm would locate near a pool of labour. (4 marks)
21. Identify the type of error described below. (4 marks)

Description	Type
i) Credit purchase of sh.78,000 was recorded as sh. 87,000 in both purchases and creditors accounts.	
ii) Sale of goods on credit to Ntari sh. 18,000 was debited in Ntati's account	
iii) Payment of salary sh.13,500 was debtited in the cash account and credited in the salary expense account.	
iv) Repair of motor vehicle sh. 5000 was recorded in the motor vehicle account.	

22. State four reasons why the government imposes taxes. (4 marks)
23. Highlight four causes of 'cost push' inflation. (4 marks)
24. Give four measures that an organization may put in place to improve office etiquette among its employees. (4 marks)
25. State four objectives that the government aims to achieve by carrying out development planning. (4 marks)

KAJIADO COUNTY JOINT EXAMINATION
KENYA CERTIFICATE OF SECONDARY EDUCATION
565/2
BUSINESS STUDIES
PAPER 2

1. a) Outline Differences between commercial banks and non-bank financial institutions (10 marks) b) State cirmustances under which cash terms may be used. (10 marks)
2. a) Explain the challenges encountered in the determination of consumer price index. (CPI) (8 marks)
b) State and explain factors to consider when choosing a channel of distribution. (12 marks) 3. a) Explain factors influencing on what goods/services to produce (10 marks)

b) Outline uses of general journal. (4 marks)

4. a) Explain the circumstances under which a country may restrict imports. (10 marks)
b) Outline characteristics of a successful entrepreneurs. (10 marks)
5. a) Outline benefits of warehousing to consumer. (10 marks) 6. a) Explain the roles of insurance in the development of economy. (10 marks)
b) Outline the reasons for compiling income statistics. (10 marks)

THARAKA SOUTH FORM 4 JOINT EVALUATION
KENYA CERTIFICATE OF SECONDARY EDUCATION
565/1
BUSINESS STUDIES
PAPER 1

1. State four external factors that may positively influence the operations of a business. (4 marks)
2. State four reasons why consumers have to make a choice between competing needs. (4 marks)
3. Give four reasons why a sole proprietor business may remain small size. (4 marks)
4. State four problems that a country may suffer when the government becomes a major investor in business activities. (4 marks)
5. State the meaning of the following terms as used in cash book. (4 marks)

(a) Contra entry
(b) Folio column

6. State four circumstances that may influence a firm to locate its operation near the source of raw materials. (4 marks)
7. For each of the following transactions,indicate the source documents from which the following transactions would be recorded. (4 marks)

Transaction	Source document
(a)Sales of goods on credit	
(b)Correction of an overchange	
(c)Goods returned by customer	
(d)Purchase on credit	

8. The following balances were extracted from the books of Neno Traders for the year ended 31 December 2014.

	Shs.
Opening stock	20,000
Capital	80,000
Gross profit	18,620
Discount allowed	740
Carriage outwards	1,350
Rent received	3,430
General expenses	1,960
Salaries and wages	5,700

Prepare profit and loss account. (4 marks)

9. Outline four advantages of division of labour. (4 marks)
10. Highlight four ways of generating business ideas. (4 marks)
11. State four problems that may interfere with the effectiveness of face to face communication. (4 marks)
12. State four reasons why it is suitable to locate bonded warehouse at the point of entry of goods in a country. (4 marks)
13. Outline four ways in which households contribute to national income. (4 marks)

14. Mention four roles played by intermediaries in the distribution channel. (4 marks)
15. Indicate whether the following taxes are Direct or Indirect. (4 marks)

Tax	Type of tax
(a)corporation tax	
(b)value added tax(VAT)	
(c)Capital gains tax	
(d)Excise	

17. Kamwenje a sole proprietor who operates a private school bought balnkets for sh.100, 000.The terms of sale were 20% trade discount and 5% cash discount if payment was made within two weeks. Calculate the net amount he paid after one week. (4 marks)
18. State four factors that could hasten the economic development of a country. (4 marks)
19. A businessman owned a motor vehicle valued sh.1, 000,000.He comprehensively insured it for sh.800, 000.It was involved in an accident and declared a write off. Calculate the amount he should get from the insurer. (4 marks)
20. State four reasons for which traders observe ethical practices in product promotion. (4 marks)
21. State four factors that determine the period for which documents should be filed. (4 marks)
22. On 1 December 2014,Rangi Traders had sh.13,200 in cash and bank balance of sh.56,000.The following transactions took place during the month

    December

    " 2 cash sales sh.12, 000

    " 15 paid a creditor sh.7200 by cheque

    " 27 Received a cheque for sh.24, 500 from debtor

    " 30 Paid rent sh.7, 500 in cash

    Record the above information in a two column cash book and balance it off. (4 marks) 23.

State four factors that may lead to unfavourable terms of trade. (4 marks)

24. Highlight four features of business assets. (4 marks)
25. The cost of consumer goods for a representative of a household is given below.

Year	Prices
2013	12,000
2014	16,000

Determine the increase in consumer price index using 2013 as the base year. (4 marks)

THARAKA SOUTH FORM 4 JOINT EVALUATION
KENYA CERTIFICATE OF SECONDARY EDUCATION
565/2
BUSINESS STUDIES
PAPER 2

1. (a) Explain five problems encountered when calculating consumer price indices. (10 marks)
(b) Explain five principles under which cooperative societies should be managed. (10 marks)

2. The following is the trial balance for Pen Point Enterprises as at 31/12/2014
Pen Point Enterprises

Trial balance as at 31/12/2014

	Dr. shs.	Cr Shs.
Sales		1,000,000
Sales returns	10,000	
Premises	500,000	
Purchases	650,000	
Discount received		9,000
Motor vehicle	125,000	
Creditors		60,000
Capital		487,500
General expenses	120,000	
Drawings	20,000	
Cash at bank	30,000	
Debtors	75,000	
Rent expenses	23,500	
Cash in hand	3,000	
	1,556,500	**1,556,500**

Stock at 31/12/2014 was valued at sh.25, 000
Prepare:

i) Trading, profit and loss account. (6 marks) ii) Balance sheet. (6 marks)

(b) Explain four features of monopoly as a form of product market. (8 marks)

3. (a) Explain five factors than an entrepreneur would consider when evaluating a business idea. (10 marks) (b) Explain five factors that should be considered when choosing means of communication. (10 marks)

4. (a) Explain five circumstances under which a high population growth may be desirable to a country. (10 marks) (b) Explain five circumstances under which a wholesaler becomes essential in the chain. (10 marks)

5. (a) Explain five advantages of buying goods from a departmental store. (10 marks)
(b) Explain five problems encountered in development planning in Kenya. (10 marks)

6. (a) On 1st September 2010,Hamisi Traders had sh.15,000 cash at hand and a bank overdraft of sh.40,000. During the month the following transactions took place:

September

4 Kabogo,a debtor settled his account of sh.10,000 by cheque of sh.8,000

7 Deposited sh.400 into the business bank account from the cash till
8 Paid rent by cash sh.4, 000
14 Cash sales sh.14, 000

17 Purchased furniture worth sh.3, 000 paying by cheque
18 Settled Kofi's account sh.10, 000 after being allowed a discount of 5%
20 Received sh.6000 cash from Njeri,a debtor

22 Kambu,a debtor settled his sh.4000 account by cheque, having been allowed 20% discount

25 Deposited sh.17, 000 into the bank from private sources

30 Banked the available cash except sh.1, 000

Required:

(a) Prepare a duly balanced three column cash book. (12 marks)
(b) Explain four reasons that make international trade more difficult to conduct than home trade. (8 marks)

GEM SUB – COUNTY JOINT EVALUATION EXAMS 2015
KENYA CERTIFICATE OF SECONDARY EDUCATION
565/1
BUSINESS STUDIES
PAPER 1

1. Mention four ways in which the government participate in training businessmen in the country. (4 marks)
2. State four factors that limit the satisfaction of human wants. (4 marks)
3. Give four reasons why the governments draw their development plans. (4 marks) 4. Highlight four ways in which a firm would acquire dominance of a market. (4 marks)
5. Identify any four barriers to international trade that imposed by government. (4 marks)
6. Land is one of the factors of production. Outline four circumstances under which it may discourage the location of firms. (4 marks)
7. Give four reasons why manufacturing firm may offer after sale service to its consumers. (4 marks) 8. Tigen trders had the following balance as at 31st December 2012 shs

Opening stock	800,000
Closing stock	1,000,000
Sales	3,250,000

Rate of stock turnover 3 times

Calculate:

a) Cost of goods sold (2 marks)
b) Gross profit (2 marks)

9. Highlight four differences between bill of exchange and promissory note. (2 marks)
10. The government of a developing country intends to formulate an elaborate policy to address the widespread unemployment. Identify four areas of concern that the policy should look into. (4 marks) 11. Outline four monetary measures taken by the Central Bank to solve the problem of demand pull inflation. (4 marks)
12. Highlight four measures the state is putting in place to bring sanity in the matatu transport sector in Kenya. (4 marks)
13. Onyango intends to insure his motor vehicle with UAP insurance company. Outline the procedure he would follow to take the policy. (4 marks)
14. Indicate with a tick (□) in the relevant column whether each of the following business transactions will increase or decrease the capital account balance.

	Transaction	Increase	Decrease
A	Cash donations of sh 80,000 deposited into the business bank account		
B	Withdraw sh 2000 from bank for personal use.		
C	Made profit of sh 3000		
D	The business made a loss of sh 4000 on sale of stock		

15. List any four business considerations taken into account when carrying out business opportunity evaluation.
16. Outline four canons of taxation. (4 marks)
17. Highlight circumstances under which the following chains of distribution are used.
    a) Manufacturer → Consumer
    b) Manufacturer → Retailer → Consumer
    c) Producer → Marketing Board → Consumer
    d) Manufacturer → Agent → Consumer
18. State four reasons why an entrepreneur would prefer a landscape type of office. (4 marks)
19. Highlight four factors that may have led to the shift in the demand curve from D_0D_0 to D_1D_1
20. State four reasons why John would prefer to obtain a loan from his Sacco but not from a commercial bank. (4 marks)
21. Kilunya traders had thefollowing transactions during the month of March 2010:
    March 3: Sold goods to Waweru sh 800, Ken Sh 600 and Okwanya sh 700
    March 4: Bought goods from Uwezo sh 15,000, Openo sh 2000.

    March 6: Sold goods to Mayi sh 1200, Shiro sh 1500, paka sh
    900 March 9: Sold goods to Launda sh 400 Required:

    Enter the above transaction in the sales journal. (4 marks)
22. Outline four circumstances under which a public warehouse would be ineffective. (4 marks) 23. The following information was provided by Kisumu traders for the year ended 31st December 2013. Shs
    Stock 1500

Creditors	3000
Debtors	2000
Machinery	20,000
Bank overdraft	500
Cash	4000

Required

Prepare Kisumu Traders Balance Sheet in order of permanency. (4 marks)

24. Outline four factors that a citizen would consider while holding money for day to day expenses. (4 marks)
25. Identify the accounts to be debited and accounts to be credited from the following transactions.

	Transactions	A/C Debited	A/C credited
A	Bought stock on credit from Muthoni		
B	Paid insurance premium by cheques		
C	Bought a van by cash		
D	Returned goods to supplier, Owino		

GEM SUB – COUNTY JOINT EVALUATION EXAMS
KENYA CERTIFICATE OF SECONDARY EDUCATION
565/2
BUSINESS STUDIES

PAPER 2

1. a) Explain five ways in which the Nairobi Stock exchange supports business and economic growth in a country. (10 marks)
   b) Horizon is an importer of assorted goods from different countries. Explain five advantages he may enjoy while his goods are stored in a bonded warehouse. (10 marks)
2. a) Explain five problems that can be encountered in an office as a result of computerization of operations. (10 marks) b) Describe five services rendered by retailers to consumers. (10 marks)
3. a) With the aid of a well labeled diagram, explain the effect on the equilibrium price and equilibrium quantity when the supply of vehicles increases. (10 marks)
   b) Outline five measures that the government of Kenya has put in place to protect consumers from unscrupulous business practice. (10 marks)
4. a) Explain five problems experienced when computing national income using the expenditure approach. (10 marks) b) Fahari traders had the following balances on 1st July 2014.

	Kshs
Equipment	5,600
Bank	35,000
Debtors	28,000
Creditors	66,600

Later in the month, the following transactions took place.
July 6th-Purchased goods worth sh 9500 and paid by cheques.
July 7th –paid creditors, sh 10,600 by cheques.
July 23rd –Received a cheques of sh. 22,000 for goods sold
July 28th –Withdrew sh 5000 from the bank to pay salaries.

Required:
Open the relevant ledger accounts and extract a trial balance. (10 marks)

5. a) Explain five effects of production activities on the environment and community health. (10 marks) b) Explain any five roles played by commercial banks to the business community. (10 marks)
6. a) The economy of country X has been growing at a very low rate. Explain four possible reasons that could have led to this trend. (8 marks)
   b) The following information was extracted from the books of Ramogi Traders as at 31st December, 2012.

	Kshs
Sales	800,000
Purchases	500,000
Returns inwards	90,000
Returns outwards	26,000
Creditors	150,000
Rent	60,000
Delivery van	160,000
Carriage outwards	3,000
Debtors	120,000
Carriage inwards	40,000
Bank	60,000
Stock (Jan 2012)	100,000
Interest expenses	10,000
General expenses	7,000
Stock (31st Dec 2012)	120,000
Bank overdraft	4,000
Capital	170,000

Required:

i) Prepare a Trading, Profit and loss account for the year ended 31st December, 2012. (8 marks) ii) Prepare a balance sheet as at 31st December 2012. (4 marks)

KERICHO WEST FORM FOUR JOINT EVALUATION

KENYA CERTIFICATE OF SECONDARY EDUCATION

565/1

BUSINESS STUDIES

PAPER 1

1. Outline four factors that may contribute to the ineffectiveness of a warehouse. 4marks
2. Name four types of marine insurance policies. 4marks
3. Outline four disadvantages of using showrooms in product promotion. 4marks
4. Using diagram, show how the equilibrium price and quantity are determined in a free market. 4marks
5. Identify four external economies of scale that a firm may enjoy as a result of growth of the industry. 4marks
6. Identify four items that are used to compute National income in the income approach. 4marks
7. State four factors that determine the fertility rate in a country. 4marks

18. The following information relates to Kapsoit Enterprises for the year ended 31/12/2014

Debtors	120,000
Creditors	60,000
Machinery	450,000
Cash in hand	70,000
Cash at bank	180,000
5 year loan	270,000
Stock	60,000

Prepare Kapsoit Enterprises balance sheet as at 31.12.2014

KERICHO WEST FORM FOUR JOINT EVALUATION
KENYA CERTIFICATE OF SECONDARY EDUCATION
565/2

BUSINESS STUDIES
PAPER 2

1. a) Explain five ways in which the efficiency of a warehouse may be guaranteed. 10marks
   b) Explain five reasons why primary level of production is the major contributor of the Gross National product (GNP) in developing countries. 10marks
2. a) Highlight any five distinguishing characteristics between a public Ltd company and public corporation. 10marks
   b) Explain five ways in which the Central Bank controls then operations of commercial banks. 10marks
3. a) Discuss five conditions necessary for the existence of perfect competition type of market structure. 10marks
   b) Kericho booksellers started a hardware business on 1st Feb 2012; the following is a summary of transactions during the month.

Invoices Received		
2012 feb	2	Kibet invoice 020 shs 60,000
"	13	Joram invoice no. 071 Kshs 130,000
"	16	Nj oroge invoice no. 002 Kshs 150,000
Invoices Received		
2012 feb	3	Muhindi invoice no. 001 shs. 60,000
"	5	Mary invoice No. 002 shs. 125,000
Credit Notes		
2012 Feb	6	Muhindi credit note no. 001 shs. 5,000
'	14	Mary credit note No.002 shs. 10,000

   Required: Enter the above transactions in the appropriate books of original entry and post them to the relevant ledger accounts. 10marks
4. a) Explain any five types of unemployment in the Kenyan economy. 10marks
   b) Highlight any five measures that should be taken to ensure that office machines are in good working conditions at all times.

   10marks
5. a) A new employee at Chemelil Sugar company was advised to take endowment policy rather than whole life policy. Explain five reasons that may have led to this piece of advice. 10marks
   b) Many developing countries are faced with balance of payment deficit. Explain five ways through which developing countries may deal with the problem. 10marks
6. a) Keino an accountant with the Mutai wholesalers discovered that despite making errors in his books of accounts his trial balance was still in agreement . Identify and explain five errors he may have committed in drawing the trial balance. 10marks
   b) The following trial balance was extracted from the books of Sigowet traders on 31st Dec 2007.

	Dr	Cr (shs)
Sales		720,000
Purchases	340,000	
Returns	20,000	
Rent	16,000	
Advertising	24,000	
Commission		9,000
Debtors/creditors	54,000	64,000
Stock 1/1/2007	60,000	
Insurance	30,000	
Drawings	40,000	
Furniture and fittings	100,000	
Cash in hand	15,000	
Premises	400,000	

Capital		288,000
	1,099,000	1,099,000

Addition information

i) Stock as at 31/12/2007 shs 52,000

ii) Rent accrued shs 6,000 iii)

Insurance paid in advance sh. 4000

iv) Commission due sh. 5,000

v) Salaries owing sh 21,000

Required: prepare a trading and loss account for the year ended 31/12/07 and a balance sheet as that date. (10 marks)

LONDIANI SUB-COUNTY JOINT EXAMINATION
KENYA CERTIFICATE OF SECONDARY SCHOOL
565/1
BUSINESS PAPER 1

1. Outline four benefits that accrue to a community that engages in commercial production. (4 marks)
2. Indicate the factors of production that each of the following refer to (4 marks) a) Waiter of a hotel
   b) Water harvested from the rain
   c) The hotel manager
   d) Cash register used by the cashier
3. Outline four problems that consumers may encounter as they try to satisfy their wants. (4 marks)
4. Outline four measures that a firm should take to improve the performance of its labour force. (4 marks)
5. Outline four possible problems that are encountered in the implementation of the undeveloped plans in developing countries. (4 marks)
6. Outline four measures that the government of Kenya may take so as to improve the efficiency of the road transport in the country. (4 marks)
7. Classify the following items personal, real, Nominal or private accounts.

Item	**Type of account**
i. Machinery	ii.
Drawings	iii.
Commissions	iv.
Juma-creditors	

8. Mr. Mwangi insured his car worth Sh. 1,000,000 for Sh.800,000. The car was involved in an accident. The value of the car destroyed was sh. 800,000.
   a) How much was Mr. Mwangi compensated? (3marks)
   b) Give reason(s) for your answer in (a) above. (1mark)
9. Outline four current trends in banking. (4 marks)
10. State four limitations of using billboards as a method of advertising products. (4marks) 11. Highlight four factors that may lead to business mergers. (4 marks)
12. This is Juma's demand schedule for bread in a week.

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

Required:

Draw the demand curve of Juma's bread for a whole weak. (4marks)

13. Highlight four mailing services that are offered by organisations such as postal corporation of Kenya. (4 marks)
14. The following information was extracted from the books of mambo traders on 31st December 2007.

Capital on 1st Jan 2007	540,000
Capital on 31st Dec 2007	640,000
Drawings during the year	80,000
Additional capital	60,000

Calculate Mambo traders profit or loss account for the year ended 31st Dec 2007. (4 marks)

15. State the type of unemployment described by each of the following statements. (4 marks) a) A person has absolutely nothing to do
    b) The number of people exceeds those that are required
    c) A worker does not have specific skills and loses the job when the contract between him and the employer ends. d) Caused by seasonal variations.
16. Identify four channels of distribution for locally manufactured products. (4 marks) 17. State four methods that banks use in transferring funds. (4 marks)
18. Outline four factors that are likely to lead to demand pull inflation. (4 marks)
19. Using the following information prepare the trial balance for Macho traders as at 31st Dec 2010 (4 marks)

	Shs
Capital	100,000
Cash	75,000
Debtors	15,000
Stock	25,000
Sales	80,000
Returns inwards	4,000
Drawings	20,000
Transport	60,000
Bank overdraft	10,000
Purchases	45,000

Creditors 50,000 Return outwards 4,000

20. Highlight four factors that may limit the use of modern technology in business. (4 marks)
21. State any four advantages of using credit cards as a means of payments. (4 marks)
22. Give four ways in which Kenya benefit from its natural resources endowment. (4 marks)
23. The following are types of documents used in home trade-Invoice, Proforma invoice, Debit note and quotation. In the table below match each document with its appropriate statement.

Statements	**Documents**
Serves as quotation	

Serves as additional invoice
Reply to a specific letter of inquiry
Serves as a notice for payment.

24. State four benefits that could be enjoyed by a person who decided to take out an endowment policy. (4 marks) 25. Enter the following transactions in two column cash book and balance it off., 2011

March 1st : Opening balance Cash Shs. 24,000
Bank Shs.8,000 (Cr)
March 3rd : Paid rent Shs. 4,000
March 10th : Bought goods worth Shs 8,000 by Cheque.
March 20th : Deposited Shs. 5,000 from cash till to Bank.
March 25th : Received rent Shs. 1,000 by cheques from Langat.
March 26th : Sold goods worth Shs. 7,000 and was paid by cheques.

LONDIANI SUB-COUNTY JOINT EXAMINATION
KENYA CERTIFICATE OF SECONDARY SCHOOL
565/2
BUSINESS PAPER 2

1. a) Since the year 2005 many small business in Kenya have expanded and grown into large enterprises. Explain five causes of business success in Kenya. (10 marks) b) Explain any five factors that may cause a decrease in supply of a commodity in the market. (10 marks)
2. a) Kenya is in the process of developing a standard gauge railway line from Mombasa to Malaba. Explain five benefits that a trader in Malaba will enjoy from this modern railway line. (10 marks)
   c) Explain five disadvantages that a country may experience from imposing trade restrictions on trading parners.

(10 marks) 3.

a) Wambua wishes to advertise his new product that has just entered the market. Explain five factors that he

should consider when choosing the medium through which to advertise. (10 marks) b) Explain five principles that should be considered when designing a good tax system. (10 marks)

4. a) Explain five roles of stock exchange market in economic development of a country. (10 marks)
   b) The following information was extracted from the books of Wanyama traders as at 31st December 2011

	Shs
Bank loan	567,000
Capital	1,680,000
Bank Loan Interest	1,400
Closing Stock	87,000
Creditors	272.000
Debtors	140,000
Discount allowed	10,000
Electricity	30,000
Furniture repairs	20,000
Gross profit	642,000
Maintenance costs	40,000
Motor Vehicles	680,000
Motor running expenses	20,000
Premises	800,000
Rent Received	200,000
Sundry expenses	12,000
Plant and Machinery	1,000,000
Furniture	503,000

Prepare

Profit and loss a/c for the year ended 31st December 2011.

Balance sheet as at 31st December 2011 (10 marks)

5. a) Explain five benefits of buying goods from a departmental store. (10 marks) b) Explain five features of perfect competition market structure. (10 marks)
6. a) Write the following information in the appropriate books of original entry and post the transactions to the ledger accounts. 2010

   April 1: received an invoice from K.K suppliers for Kshs 40,000, Onchoke traders Kshs 8,000

   April 2: receive a credit note from K.K suppliers Kshs 1,000, Onchoke traders Kshs 1,500

   April 3: Issued invoice to Onyango trader worth Kshs 50,000, Moturi traders KShs 30,000

   April 4: Issued credit note to Moturi traders Kshs 3,000

   April 5: received an invoice from Omari enterprises Kshs 36,000 K.K supplier kshs 15,000

   b) Explain five roles of international Monetary Fund (IMF) in economic development. (10 marks)

WESTLAND DISTRICT EVALUATION TEST
Kenya Certificate of Secondary Education
565/1
BUSINESS STUDIES
PAPER 1

1. Below are some of the factors that influence the operations of a business. Indicate whether the factor constitutes internal or external environment to a business. (4 marks)

Factor	Environment
a) Societal beliefs	
b) Firms physical property	
c) Political climate	
d) Pressure groups	

2. Highlight four roles that Nairobi securities market plays in promoting economic development of our country. (4 marks)
3. State four methods of determining prices of goods and services other than the price mechanism. (4 marks)
4. Identify four features of economic resources. (4 marks)
5. Outline four ways in which the process of creation of goods may negatively impact on the health of the community. (4 marks

6. The average consumer price for 1kg sugar for years 2006-2009 is shown below.

Year	Consumer price
2006	Shs.80
2007	Shs.100
2008	Shs.115
2009	Shs.140

From the above information, calculate consumer price index using year 2006 as the base year. a) Year 2007
b) Year 2008
c) Year 2009

7. Identify four reasons that make consumer initiated methods ineffective in protecting consumers in Kenya. (4 marks)
8. Outline five ways in which filing benefit a business. (4 marks)
9. The following information was extracted from the books of Kamweru Traders Ltd for the year ended 31st December 2012.

	Shs.
Creditors	68,000
Debtors	67,000
Stock	30,000
Cash at bank	5,000

From the above information, calculate the current ratio. (3 marks)

10. Mention four challenges facing containerization as a means of transporting goods. (4 marks)
11. Mr. Rashid, the owner of a newly established hotel in Westlands is planning to hire employees. Highlight four benefits he would derive from applying the concept of division of labour in his hotel. (4 marks)
12. Outline four factors that have positively influenced entrepreneurial practices in Kenya in the recent past. (4 marks)
13. For each of the following transactions, indicate the account to be debited and account to be credited in the spaces provided. (4 marks)

Transaction	Debit	Credit
a) Ruth, a proprietor converted a private car into a business asset		
b) Bought furniture and paid by cheque		

c) Withdrew cash from the business bank account to pay for son's school fees		
d) Paid creditors by cash		

14. State four benefits of vision 2030 as a development plan to the Kenyan government. (4 marks)

15. Rachel started business in January 2012. The following transactions took place.

Jan 1: Deposited Ksh.20 000 in the bank from her own savings.
Jan 2: Borrowed Ksh.50 000 from Equity bank and deposited it into business bank account.
Jan 3: Withdrew Kshs.20 000 from bank for office use.
Jan 5: Bought stock worth sh.5 000 on credit.
Jan 6: Sold stock worth sh.4 000 for sh.6 000 cash.
Jan 7: Paid for goods previously bought on credit shs.3 000 by cheque.

Prepare Rachel's balance sheet as at 8th Jan. 2012. (4 marks)

16. List any four documents as the enquiry stage in home trade. (4 marks)

17. Outline four reasons why a manufacturer would prefer to build his own warehouse. (4 marks)

18. In the past, the Kenyan government has been considering privatizing Kenya ports Authority. Highlight four reasons for this decision. (4 marks)

19. Explain the meaning of the following terms as used in accounting. (3 marks) a) Contra entry
b) Trading account
c) Purchases ledger

20. State four mailing services offered by the Post Office. (4 marks)

21. Identify the type of utility created in each of the following activities. (4 marks)

Activity	Type of utility
a) Roasting maize	
b) Delivering milk to school early in the morning	
c) Importing Mercedes Benz vehicles from Germany	
d) Keeping excess maize harvest in the store until summer	

22. The following information was extracted from the books of Wamalwa Traders.

Rate of stock turnover	3 times
Opening stock	Sh.40 000
Closing stock	Sh.100 000
Mark up	20%

Calculate:
a) Cost of goods sols (4 marks)
b) Gross profit (2 marks)

23. Give four ways in which an entrepreneur can uphold business ethics. (4 marks)

24. Identify four most current methods of product promotion by businesses. (4 marks)

25. Kimeto insured his house whose value was sh.2, 400,000 for sh.1, 800,000 against fire. Later, the house was destroyed by fire and loss amounting to sh.1, 000,000 was incurred. Calculate the appropriate amount of compensation he got.

(4 marks)

WESTLANDS DISTRICT EVALUATION TEST
Kenya Certificate of Secondary Education
565/2
BUSINESS STUDIES
PAPER 2

1. a) Draw five features that differentiate a cooperative society from a partnership form of business. (10 marks) b) Outline five problems which may be encountered when measuring national income. (10 marks) **2.** a) Describe four channels of distribution that can be used to distribute locally produced cereals. **(8**marks)

b) ABZ Limited operates a wholesale business. During the month of March 2014, the company carried out the following transactions.

March 1 Credit sales to Ochupe and Njeri were shs.200,000 and shs.180,000 respectively.
March 2 Credit purchases from Chebet shs.150,000, Wambui shs.700,000, Alfred shs.185,000.
They also paid advertisement expenses by cash sh.48,000.
March 5 Credit sales to Abdallah shs.175,000, Mwangi shs.320,000 and Ochupe shs.135,000.
March 8 Goods returned by Ochupe shs.2,800 and Njeri shs.3,100.
March 12 Goods returned by ABZ Limited to Chebet shs.30,000 and Alfred shs.25,000.
March 27 Paid Wambui her debt in cash after deducting a cash discount of 5%.
March 28 Received rent of shs.5,200.
March 29 Sold goods on credit to Njeri shs.220,000 and Njau shs.150,000.
March 30 Goods returned by Njau shs.2,300.

Required:
From the information given, prepare
i) Sales journal
ii) Sales returns journal (12 marks)

3. a) Explain five measures that the government may take to reduce the level of unemployment in Kenya. (10 marks) b) Describe five documents that are used in international trade. (10 marks)

4. a) Explain five ways in which the insurance industry contributes to the development of Kenya's economy. (10 marks) b) Explain five benefits that accrue to an economy from public finance. (10 marks) **5.** a) Describe five features of a perfectly competitive market. (10 marks)
b) Highlight five factors that constitute a healthy external environment of a business. (10 marks)

6. a) Explain five factors that a firm may consider when choosing a method of communication. (10 marks)

b) The following information was extracted from the books of Meme Traders as at 31st December 2013.

	Shs.
Bank loan	567,000
Bank loan interest	1,400
Capital	1,680,000
Closing stock	87,000
Creditors	272,400
Debtors	140,280
Discount allowed	170,400
Electricity	30,240
Furniture	489,804
Furniture repairs	86,436
Gross profit	624,720

	Maintenance on premise		72,000
	Motor vehicle		1,080,000
	Motor vehicle maintenance		3 60,000
	Premise		648,000
Rent received	144,000	Sundry expenses	122,520

Required:

i) Profit and loss account for the year ended 31st Dec. 2013.

ii) Balance sheet as at 31st Dec. 2013. (10 marks)

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