

CEKENAS
BUSINESS STUDIES
565/1
MARCH
BUSINESS STUDIES PAPER 1

1. Highlight four ways in which Kenya may benefit from its natural resources endowment. (4mks)

2. Outline four ways in which commerce satisfies human wants. (4mks)

3. The following information was extracted from the books of Sarai Traders for the year ended 30th April 2003.

	Shs.
Sales	480,000
Stock (1.05.13)	80,000
Stock (30.04.14)	120,000
Profit margin is calculated at 25%	

Calculate the rate of stock turnover.

4. Outline four circumstances under which a producer may not require a large warehouse (4mks)

5. Highlight four money transfer services offered by commercial banks. (4mks)

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

7. Outline four circumstances that allow existence of monopolies in a country. (4mks)

8. In the absence of the Partnership Deed, the provisions of the Partnership Act of the Laws of Kenya applies. Outline four stated provisions. (4mks)

9. The demand curve for personal cars/vehicles in Kenya has in the recent times shifted to the right. Give four possible reasons for this. (4mks)

10. The table below shows the source documents and their corresponding books of original entry. Identify the correct one in each case.

Source Document	Book of Original entry
i) Incoming invoice	
ii) Outgoing receipt	
iii) Incoming Credit Note	
iv) Outgoing Credit Note	

(4mks)

11. Outline four characteristics of direct production. (4mks)

12. Indicate in the table below the most appropriate office machine one would use to handle the following situations. (4mks)

Office Situation	Most appropriate machine
a) Need to produce twenty copies of exams analysis for a meeting in session	
b) Cutting unwanted document into tiny pieces to avoid such document getting into the wrong hands	
c) For printing postage impressions on envelopes	
d) For trimming documents into required shapes and sizes.	

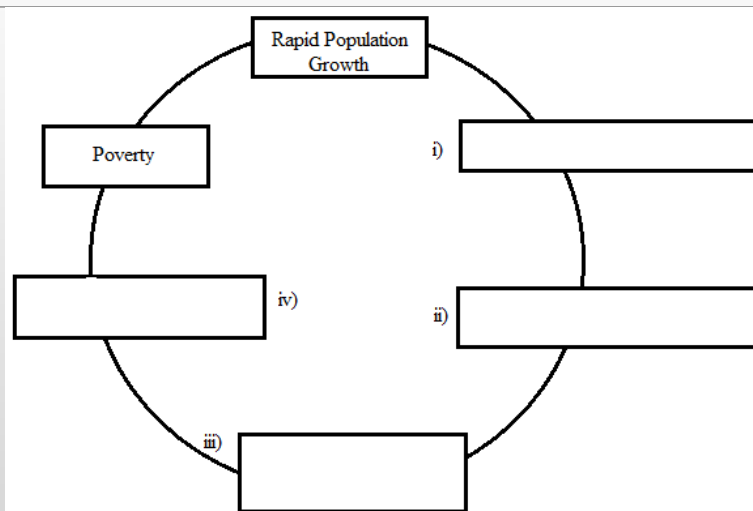
13. State four factors that an insurance company may consider when determining the premiums to be charged for an insurance cover. (4mks)

14. Outline four drawbacks met when comparing standards of living in different countries. (4mks)

15. Identify four barriers to effective communication. (4 mks)

16. Taxation is a main source of public finance. Highlight four factors that come in play to determine the amount of revenue collected by any country using it. (4mks)

17. Below is a vicious circle of poverty caused by a RAPID POPULATION GROWTH. Fill in the missing spaces (4mks)



18. On July 1 2016, Emayang'a traders has Ksh. 6,000 cash in hand; bank overdraft of Ksh. 2,000. During the month, the following transactions took place.

July 4th: Received a cheque from debtors totaling to Ksh. 80,000

July 16th: Paid telephone bills Ksh. 1,200 cash

July 21st: Withdrew Kshs 16,000 from bank for office use.

Required: Enter the above information in Emayang'a Trader's Cash Book.

(4mks)

19. Outline four factors that an entrepreneur should consider before settling up a manufacturing business.

(4 mks)

20. Outline four challenges associated with heavy traffic jam in urban areas.

(4mks)

21. Complete the following table by indicating the account to be debited and the one to be credited

(4mks)

Transaction	Account to DR	Account to CR
i) Bought a delivery van on credit from Super Motor Ltd.		
ii) Withdrew cash from the bank for business use		
iii) Paid Nyamu, a creditor in cash		
iv) Received a loan from NBC Bank by cheque		

22. The following balances were extracted from the books of Grara Traders on 30th June 2015

Purchases	200,000
Opening stock	40,000
Closing stock	30,000
Sales	300,000
Sales returns	5,000

Calculate:

i) Cost of goods sold

ii) Percentage of gross profit on net sales

(4mks)

23. On the table given, indicate the appropriate type of advertising method used.

(4mks)

Description

Type

i) To promote a particular brand of a product

-

ii) To persuade a customer to buy a product

-

iii) Creating awareness about a product

-

iv) To promote the name of a company

-

24. Keith owned a motor vehicle valued at Sh. 2,000,000. He comprehensively insured the car at Sh. 1,200,000. The motor vehicle was involved in an accident and declared a write off. Calculate the amount Keith should get from the insurer.

(4mks)

25. State four negative effects of unemployment.

(4mks)

CEKENAS
BUSINESS STUDIES
565/2
BUSINESS STUDIES PAPER 2

1. a) Describe five roles of an office as a centre of communication. (10mks)
 b) Discuss five ways of dealing with public debt. (10mks)
2. a) Discuss five business considerations made by an entrepreneur when evaluating a business opportunity (10mks)
 b) Explain five causes of balance of payment deficit in a country. (10mks)
3. a) Describe five circumstances in which human portage is appropriate as a means of transport. (10mks)
 b) Use the following transactions to prepare a 2 column cash book. (10mks)
 - Jan. 1: Started business with 50,000 cash
 - Jan 3: Transferred 30,000 cash to bank
 - Jan 4: Bought goods worth 20,000 by cheque
 - Jan 6: Received cash 40,000 from debtors
 - Jan 7: Sold stock worth 10,000 receiving payment buy cheque
4. a) The following balances relate to Moto Enterprises as at 31 December 2016

Land and building	1,500,000	
Stock (1.1.16)	60,000	
Purchases	740,000	
Stock (31.12.16)	54,000	
Return inwards	15,000	
Return outwards	18,000	
Discount received	10,000	
Rent and rates	20,000	
Advertising	42,000	
Sales	1,700,000	
Water and lighting	28,000	
Salaries	56,000	
Commissions paid	13,000	
Carriage inwards	60,000	

Required: Moto Enterprises Trading and profit and loss account for the year ended 31st December 2016.
- b) i) Using a well labeled diagram illustrate price and output determination in an oligopoly market structure. (8mks)
 ii) Account for price rigidity in this market structure (2mks)
5. a) Explain five reasons for raising finances through sale of ordinary shares instead of debentures (10mks)
 b) Highlight five differences between Central Bank and Commercial Banks (10mks)
6. a) Discuss five problems which a country can face when implementing a development plan. (10 mks)
 b) Explain five circumstances in which an insurer may refuse to insure an applicant. (10 mks)

KIRINYAGA
BUSINESS STUDIES
PAPER ONE 565/1

Answer All Questions In The Spaces Provided

1. State **four** uses of invoice to a seller of goods (4mks)
2. In which **four** ways are consumers likely to suffer in a situation where there is no warehousing (4mks)
3. Highlight **four** ways in which a firm can improve the productivity of its human resources (4mks)
4. Give **four** reasons why a manufacturing firm would be located in an area with good road network (4mks)
5. The following relates to Kiboko Traders for the year ended 31st Dec 2012

Gross profit.....	sh. 28000	
Opening stock	shs. 9000	
Closing stock	Shs. 6000	
Gross profit margin	25%	

Prepare Kiboko Traders Trading Account for the year ended 31st Dec 2012 (4mks)
6. Indicate in the space provide whether the following factors will increase or decrease the income in circular flow of income (4mks)

Factors

- | | |
|--|--|
| (a) Savings
(b) Government Expenditure
(c) Taxes
(d) Investment | |
|--|--|

7. The table below illustrates the demand and supply of a commodity (4mks)

Price sh	Quantity	Quantity
for marking schemes inbox MR CHEPKWONY on 0724251706 Page 3		

	Demanded	Supplied
Sh 25	80	40
30	70	50
35	60	60
40	50	70
45	40	80

From the table state

- (a) The nature of the demand of the commodity (1mk)
 (b) The nature of the supply of the commodity (1mk)
 (c) Equilibrium price (1mk)
 (d) Equilibrium quantity (1mk)
8. Highlight **four** ways in which consumers may protect themselves against exploitation by traders (4mks)
 9. Outline **four** features of a private Limited Company (4mks)
 10. State **four** advantage of sending parcels by courier firms (4mks)
 11. James intends to open a bank current account. Highlight to him four merits of operating a bank current account (4mks)
 12. Highlight **four** benefits of "Pooling of risks" to an insurance company (4mks)
 13. Outline **four** reasons why countries may trade with each other (4mks)
 14. State **four** reasons why financial institutions may require a balance sheet from a trader who intends to borrow money to expand his business (4mks)
 15. Outline **four** characteristics of an efficient tax system (4mks)
 16. State the effect of each of the following transactions on the balance sheet totals by writing increase, decrease or no effect in each case (4mks)

Transaction

Effect

- (a) Purchased stock in cash
 (b) Paid creditors in cash
 (c) Withdrew cash for personal use
 (d) Bought machinery on credit
17. Highlight **four** benefits of using electronic filing system (4mks)
 18. Outline **four** strategies that a small scale firm could adopt to expand so as to enjoy economies of scale (4mks)
 19. State four benefits that could accrue to a customer who buys goods from a departmental store (4mks)
 20. Outline **four** advantages of advertising to the consumer. (4mks)
 21. Outline **four** reasons why it makes it difficult to satisfy all human wants (4mks)
 22. Identify **four** reasons for maintaining books or original entry (4mks)

23. Mavoko Traders had the following transactions for the month of February 2014

Feb 2 2014 – Bought goods costing sh. 600,000 from Mwiki Traders on credit

Feb 24 2014 – Bought goods for 700,000 from Mwiki traders on credit

Feb 25 – Paid Mwiki trader sh. 350,000 by cheque as part payment for goods received

Record the above transactions in the account below and balance it off.

Dr				MAVOKO TRADERS A/C		CR	
Date	Particular	Amount	Date	Particulars	Amount		

24. The following is an extract of a cash book from Rovio traders

(4mks)

Dr				Cr			
Date	Details	Cash	Bank	Date	Details	Cash	Bank
Jan 1	Bal b/f	12500		Jan 1	Bal b/f	5500	
5	Sales		7200	8	Wages	2400	
10	Cash		1500	10	Bank	1500	

a). Give the name of transaction on

(i) Jan 1 2006 on credit side

(ii) Jan 10 2006

(iii) Determine the balances carried down on Jan 31st 200625. State **four** differences between a monopoly and perfect competition market structure

(4mks)

Monopoly	Perfect Competition
(a)	(a)
(b)	(b)
(c)	(c)
(d)	(d)

KIRINYAGA
BUSINESS STUDIES
PAPER TWO 565/2

Answer any five questions1. a) Discuss **five** economic importance of natural resources

(10mks)

b) Other than the instruments used by Central Bank to control credit creation, explain other five methods that are used to control inflation

(10mks)

2. a) Describe **five** documents that are used in international trade.

(10mks)

b) 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 **five** negative economic implications of this age distribution to a country

(10mks)

3. a) Explain **five** ways in which the insurance industry contributes to the development of Kenya's economy

(10mks)

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 Shs. 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 form Chuma Shs. 33,840

March 15: Goods returned by Tamu Shs. 1,500 and Fuma retailers Shs. 1,820 and Patu Shs. 2,600

March 18: Bought goods on credit from Jama Shs. 21,210 and Sana Shs. 53,850

March 26: Credit sales to Kamanja Shs. 16,600 , Orengo Shs. 19,260 and Wama traders 15,200

Required

Enter the above transaction in the respective books of original entry

(10mks)

4.(a) Explain **five** factors that a trader may consider when determining the appropriate channel for distribution goods

(10mks)

b) Kenya is in the process of developing a standard gauge railway line from Mombasa to Malaba, Explain **five** benefits of the new railway line

(10mks)

5.(a) Explain the **five** factors that an entrepreneur would consider when evaluating a business idea.

(10mks)

(b) The economy of a certain country in the continent has been growing at a very low rate. Explain **five** possible reasons that could have led to this trend.

(10mks)

6(a) Explain **four** internal factors that may encourage the achievement of business goals

(8mks)

(b) The following information was extracted from the books of Ramogi Traders as at 31st December 2012

Kshs	
Sales	800,000
Purchases	500,000
Return inwards	90,000
Return outwards	26,000
Creditors	150,000
Rent	60,000
Delivery van	160,000
Carriage outwards	3,000
Debtors	120,000
Carriage inwards	40,000
Cash	60,000
Stock(June 2012)	100,000
Interest expenses	10,000
General expenses	7,000

Stock (31 st 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
(ii) Prepare a balance sheet as at 31st December 2012

(8mks)

(4mks)

IGEMBE**565/1****BUSINESS STUDIES****PAPER 1****TIME: 2 HRS**

1. Identify four types of business activities an entrepreneur may invest in.
2. State four factors to consider before a trader offers a credit to a customer.
3. Highlight four reasons why many business are adopting an open office layout.
4. Give an example for each of the following:

(4 marks)

(4 marks)

(4 marks)

(4 marks)

	Item	Example
i)	Free resource	
ii)	Human resource	
iii)	Non-material good	
iv)	Capital good	

5. Highlight four factors that may slow down the growth of Entrepreneurship in Kenya. (4 marks)

6. Three partners would like to engage in a partnership form of business without a written partnership agreement. Highlight how the Partnership Act will guide them regarding: (4 marks)

- a. Profit and loss sharing
- b. Salary to partners
- c. Loans given to the business by a partner
- d. Admission of a new partner

7. Explain briefly the following trends in forms of business units. (4 marks)

- a. Franchising
- b. Globalization
- c. Cartels
- d. Check off system

8. Highlight four reasons why Consumer Associations may not be effective in their consumer protection efforts. (4 marks)

9. Mention four circumstances under which a producer will find it necessary to transport goods by a train. (4 marks)

10. Outline four roles played by warehouses in trade. (4 marks)

11. List four errors that may make a trial balance not to balance. (4 marks)

12. Highlight four functions of advertising agencies to an advertiser. (4 marks)

13. Highlight four contemporary trends in communication in Kenya today. (4 marks)

14. State four reasons that may prompt an investor to locate his firm near the market for his products. (4 marks)

15. Highlight three benefits of business that uses social media platforms in promoting its products is likely to have over its competitors. (3 marks)

16. The table below shows the age distribution of a given country.

Age bracket	0-15	16-55	56 and above
Percentage composition	45	31	24

State any four negative economic implications of this age distribution to a country.

(4 marks)

17. Outline any four features of oligopoly market. (4 marks)

(4 marks)

18. Below is the balance sheet of Willy Traders as at 31st Dec 2019.

Willy Traders'
Balance sheet
At 31st Dec 2017

Fixed Assets	87,800	Capital 1/1/2017	78,000
Current Assets	55,200	Add Net Profit	<u>42,000</u>
		Net capital	120,000
		Current liabilities	<u>23,000</u>
	<u>143,000</u>		<u>143,000</u>

Calculate:

i. Current ratio

(2 marks)

ii. Return on capital.

(2 marks)

19. The following statements relate to terms used in the study of national income for any country.

Identify the most appropriate term for them.

(4 marks)

a. The total monetary value of commodities produced in a year.

b. Income attributed to one person per year in a country.

c. Factors that lead to an increase in the income and expenditure in the circular flow of income.

d. Capital consumption during production.

20. State four reasons why inflation may be desirable in a country.

(4 marks)

21. Journalize the following transactions relating to Kipingo Traders for the year 2011.

(5 marks)

Jan 5. Cash Purchases sh. 8920 receipt no. 517

Jan 12. Paid Juma Shs. 9800 by cheque after having been allowed a cash discount of 2%
receipt no. 0951

Jan 17 Banked Shs. 6000 from the cash till

Jan 19 Paid for repairs in cash Shs. 14000, receipt no. 0251.

Cash payments journal

22. Other than serving as a medium of exchange, mention four other functions of money.

(4 marks)

23. Outline four duties of Commercial attaches.

(4 marks)

24. Outline four ledger accounts used for recording movement of stock.

(4 marks)

25. Outline four differences between hire purchase and installment buying.

(4 marks)

IGEMBE

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2 HRS

1. a. In spite of the benefits of large scale operations, small scale firms continue to exist. Explain the factors that justify the existence of such small firms.

(10 marks)

b. Using a diagram, explain the effects of increase in demand for a commodity on market equilibrium when its supply remains constant.

(10 marks)

2. a. Explain five factors that determine the premiums to be charged in property insurance.

(10 marks)

b. Explain five principles that guide the tax system in a country.

(10 marks)

3. a. Highlight four ways through which a government can provide an enabling environment for the success of business activities in a country.

(8 marks)

b. On first March 20 - 6, Najib had cash in hand Kshs. 7800 and a bank overdraft of Kshs. 23,400. During the month, the following transactions took place;

March 3 : Cash sales Shs. 6500 paid direct in to the bank

March 4 : Bought goods for Shs. 15,000 and paid by cheque.

March 6 : Cash sales Shs. 50,000

March 9 : Received a cheque for shs. 18000 from Amolo in full settlement of his debts.

March 13 : Paid insurance premiums shs. 16,000 in cash.

March 14 : Paid Kamotho by cheque sh. 9,700 in full settlement of his account less
3% cash discount

March 17 : Cash sales Shs. 150,000 paid direct in to bank.

March 21 : Withdrew Shs. 30,000 from bank for office use.

March 23 : Received a cheque of sh. 23,750 from Rotich in full settlement of his account less 5%
cash discount.

March 25 : Paid wages of sh. 20,000 in cash.

March 26 : Cheque received from Amolo was dishonoured.

March 30 : Banked all cash except sh. 30,000.

REQUIRED : Prepare a duly balanced three column cash book.

(12 marks)

4. a. Explain five benefits that Kenya would get if the Government encourages location of a business in rural areas. (10 marks)
 b. Despite the announcement by the Government that the country has achieved 6% economic growth, this has not been translated to economic development. Discuss five indicators of under development currently experienced in Kenya. (10 marks)

5. a. Describe five circumstances under which a manufacturer would find it necessary to sell his products directly to the consumer. (10 marks)

- b. Explain five benefits of filing office documents to an organization. (10 marks)

6. a. Highlight any four distinguishing characteristics between a public limited company and a public corporation. (8marks)

- b. The following trial balance was extracted from the books of Bumala Traders on Dec 2017.

Bumala Traders
Trial Balance
As at 31st/Dec/2011

Particulars	Dr	Cr
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 1/1/2011	60,000	
Insurance	30,000	
Drawings	40,000	
Furniture & Fittings	100,000	
Cash in hand	15,000	
Premises	400,000	
Capital		288,000
	1,099,000	1,099,000

Additional information.

i. Stock as at 31st Dec, 2011 was sh. 52,000

ii. Rent accrued sh.60,000.

iii. Insurance paid in advance sh. 4000

iv. Commission due sh. 5000.

v. Salaries owing Sh. 21,000.

Required :

A. Prepare a trading, profit and loss account for the year ended 31st Dec, 2011.

B. Balance sheet as at that date .

(12 marks)

WESTSCENT EXAMINATION

565/1

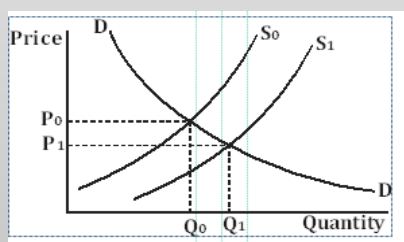
BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

- Outline four measures the government of Kenya should put in place to prevent brain drain. (4mks)
- As an external environment give four ways on how economic factor influences the operation of a business. (4mks)
- Outline four factors to be considered in order to construct a consumer price index. (4mks)
- State four benefits of using social media in promoting a product. (4mks)
- The following information relate to Odanga Traders for the year ended 31st December 2017.
 Sales 2,000,000
 Current Assets 5,000,000
 Fixed Assets 650,000
 Net Profit 300,000
 Current Liabilities 650,000
 Closing Stock 100,000
 Opening Stock 200,000
 Gross Profit margin was 20%
 Calculate:
 i) Current Ratio (1mk)
 ii) Gross Profit mark up (1mk)

- iii) Rate of stock Turn over (1mk)
- iv) Capital employed (1mk)
6. Outline circumstances under which a trader would use porters to transport goods. (4mks)
7. State four importance of financial Ratio. (4mks)
8. Highlight four reasons why interest is charged on borrowed capital. (4mks)
9. Outline four uses of an invoice to a seller of goods. (4mks)
10. Give four reasons why Kenyan government restricts imports. (4mks)
11. The following balances were extracted from the books of Onkwani on 31st December 2017.
- Capital ksh. 240,000
- Investment during the year ksh 100,000
- Monthly drawings ksh. 10,000
- Profit per year ksh. 76,000
- Calculate initial capital. (4mks)
12. Give four reason why monopoly may not be popular to most economies in Africa. (4mks)
13. The following illustration was taken from the operations of K & X metal workshop. State four causes of the shift indicated. (4mks)



14. State four causes of balance of payment surplus. (4mks)
15. State four way in which the stock of a business may change. (4mks)
16. Identify four long chains of distribution not popular to the buyers. (4mks)
17. On 1st May 2019, David bought goods on credit quoted at Ksh. 200,000. Terms of sale were 20% trade discount and 10% cash discount if payment was made on 28th/5/2019. Calculate the amount paid if payment was made on 27th/5/2019. (4mks)
18. Identify four features of the economic union as a form of economic integration. (4mks)
19. After his KCSE examination, Osoro was advised to start operating a tied shop rather than a unit shop. Give four reasons for this advice. (4mks)
20. State four circumstances in which the nature of goods would influence the choice of transport means. (4mks)
21. Outline four benefits of money transfer service using a mobile phone. (4mks)
22. Differentiate between the following terms:
- i) Economic growth and economic development. (2mks)
- ii) E-mail and E-commerce. (2mks)
23. Highlight four circumstances under which the manager of Wangu Trader may prefer to talk to his workers verbally instead of writing them a message. (4mks)
24. Outline four types of ledgers that a business dealing with goods is likely to maintain. (4mks)
25. You have been appointed as the public relations' officer in a well-to-do company. Disclose four duties you will be under-taking

WESTSCENT EXAMINATION

565/2

BUSINESS STUDIES

Paper 2

Time 2½ Hours

Answer five questions

- 1.a) Explain five factors that may lead to business mergers. (10mks)
- b) Give five differences between a bonded warehouse and a free warehouse. (10mks)
- 2a) The following transactions took place during the month of April 2019 in Otoyoto traders.
- April
- 1st Started business worth Ksh. 150,000 deposited into the bank Account.
- 2nd Bought machine worth Ksh. 8,000 and paid by cheque.
- 8th Received Ksh. 6,500 from Karis who owed Ksh 7,000 in full settlement of the account.
- 12th Withdrew Ksh. 20,000 of which 15,000 was for office use and the rest was to pay for his son's medical bill.
- 15th Paid Ochieng Traders account in cash of Ksh. 10,000 at a 10% cash discount.
- 25th He bought equipment for 18,000 and paid by cheque.
- 26th He made cash sales paid directly to the bank account worth 15,000.
- 26th Made credit sales amounting Ksh. 7,500.
- 27th Paid Okongo a creditor in cash Ksh. 3,200 in full settlement of his account of Ksh 3,500.
- 30th Banked all the money except Ksh. 2,000.

Required

Enter the above transactions in relevant cash book and balance it off.

(10mks)

b) Explain five advantages of M-Banking.

(10mks)

3a) In the recent past the country of Rwanda has been very keen in joining the East Africa Community. Explain five benefits that Rwanda may enjoy by being a member of East Africa Community.

(10mks)

b) Explain five types of unemployment that the government of Kenya may be required to address.

(10mks)

4a) Explain the procedure for personal selling.

(10mks)

b) Omari Traders had the following assets and liabilities balances on 31st December 2017.

Capital	15,100
Bank	6,000
Debtors	2,000
Prepaid Electricity	600
Cash	3,000
Creditors	1,500
Outstanding salaries	15,000
Equipment	20,000

Required

i) Prepare a general journal to record the transaction.

(8mks)

ii) Post the transactions to the relevant ledger accounts.

(10mks)

5a) some taxes are imposed directly on taxpayers' income. Explain five of such taxes.

(10mks)

b) Explain five limitations of a trial Balance.

(10mks)

6a) Explain five ways by which an entrepreneur contributes to the production of goods and services.

(10mks)

b) The following information relates to Nyaroo Traders for the year 2017.

Net Sales	ksh.	320,000
Margin		20%
Expenses		35,000
Rate of stock turnover	6 Times	
Capital	ksh.	180,000

From the information above, determine.

i) Gross Profit

(2mks)

ii) Cost of goods sold

(2mks)

iii) Net Profit

(2mks)

iv) Average Stock

(2mks)

v) Rate of return on capital

(2mks)

SUKELE MOCK PAPER 1

565/1

BUSINESS STUDIES

1. Highlight four ways in which business studies is useful to a community.

(4 marks)

2. Outline 4 effects of fixing price above the equilibrium.

(4mks)

3. Outline 4 services offered in agency banking as a trend in the banking sector.

(4mks)

4. Outline 4 functions of Kenya Bureau of Standards (KEBS).

(4mks)

5. A manufacturing firm has been consistently releasing toxic wastes into the neighborhood. Outline four measures you can take to stop the firm from such malpractice.

(4mks)

6. The following terms relate to communication: vertical, horizontal, formal and informal. Write the appropriate term of communication associated with each of the following statements.

(4mks)

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

7. During the month of July 1995 Kungu made sales worth Kshs.60, 000. His margin on sales was 20%, calculate;

a) The gross profit

b) The cost of goods sold

8. State whether each of the following transactions will increase, decrease or have no effect on the balance sheet. (4mks)

Transaction	Effect on Balance Totals

Withdrew money from the bank for office use	
Paid Mr. Kimeli, a creditor in cash.	
Purchased a motor car by cheque.	
Sold a private car and deposited the money into the business account	

9. Highlight four ways in which a business owner can positively influence the internal environment of his/ her business.

(4mks)

10. Outline four characteristics of land as a factor of production.

(4mks)

11. State the document used in home trade for the following functions.

(4mks)

Functions	Document
To find out whether the supplier stocks certain goods.	
To request a supplier to provide particular goods to a customer.	
To inform the buyer that his account has been reduced by certain amount of money.	
To describe goods that have been sold to the buyer on credit.	

12. Mutuku wishes to join a savings and credit co-operative (Sacco). Outline four benefits he will enjoy by being a member of the co-operative.

(4mks)

13. Outline four circumstances under which a local producer would build his own warehouse.

14. The following information relates to the business of Kitamba wholesalers for the year ended 31st December 2017.

	Kenya Shillings
Capital as at 31 st December 2017	1,040,000
Net profit for the year	240,000
Additional investment	380,000
Capital as at 1 st January 2017	720,000

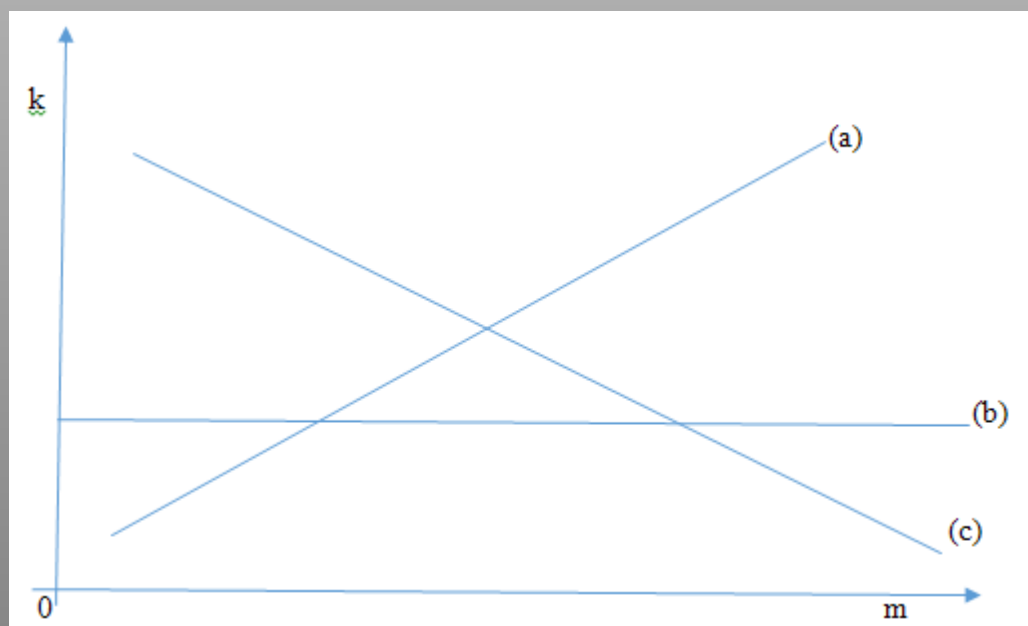
During the year, the proprietor took some goods from the business for family use. Calculate the value of those goods.

(3mks.)

15. State 4 reasons why shelter is a basic want.

(4mks)

16. The diagram below represents various types of taxes. Proportional tax, regressive tax and progressive tax.



I. State what is represented by the axes labelled 'k' and 'm'.

(1mk)

II. Identify the tax curves labelled (a), (b) and (c).

(3mks)

17. The following balances relate to Matere enterprises for the year ended 30th September 2017.

	ksh.
Sales	145,000
Purchases	110,000
pre-paid insurance	30,000
outstanding salaries	10,600
debtors	80,000
commission received	20,400
bad debts written off	24,000
capital	68,000

Prepare Matere enterprises trial balance.

(4mks)

18. FOUR benefits Kenya would derive from being a member of the East Africa Community (EAC)

19. The Highlight FOUR measures that have been put in place by the Kenya government to ensure the safety of passengers on Kenyan roads.

(4mks)

20. Kakamega Sugar Company would like to sell its products to Mexico. Identify any four possible channels of distribution the business may use.

(4mks)

21. Outline FOUR measures that can be taken by an organization to ensure security of information and documents in the office.

(4mks)

22. Outline FOUR features of perfect competition market structure.

(4mks)

23. Highlight cost of consumer goods and services for a representative basket of an average family is given below

YEAR	2006	2007
PRICES	KSH.1200	KSH.1600

Determine the increase in consumer price index. Using 2006 as the base year.

(4mks)

24. State 4 reasons which may influence a government to implement a policy of delocalization.

(4mks)

25. In the spaces provided, state the source documents used to record information in the subsidiary books listed below.

SUBSIDIARY BOOKS	SOURCE DOCUMENTS
Sales Returns Day Book	
Purchases Day Book	
Sales Day Book	
Purchases Returns Day Book	

SUKELE MOCK EXAMS

The Kenya certificate of secondary education

BUSINESS STUDIES 565/2

PAPER TWO

JULY 2019

TIME: 2 HOURS 30 MINUTES

1. (a) Explain five differences between private limited company and partnership forms of Business units. (10marks)

(b). Explain any five measures that the government may take to reduce the amount of money circulating in the economy.

(10marks)

2. (a). Explain five principles of insurance, highlighting the significance of each to the insured.

(10marks)

for marking schemes inbox **MR CHEPKWONY** on 0724251706

- (b). With the aid of a well labeled diagram, explain the effect of an increase in the supply has on a commodity while its demand remains constant. (10marks)

3. (a). The following transactions relate to Mega Wholesalers for the month of March 2011.

March 1: Bought goods on credit from Kawe distributors Shs.26, 200, Kamakia Shs.15600, Mambo shs.33360
 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 Shs.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 trade shs. 15200

REQUIRED: Enter the above transactions in the respective books of original entry. (10 marks)

- (b). Describe five ways a country may use to restrict foreign trade. (10marks)

4. (a). Explain five benefits of prize winning competition in product promotion. (10 marks)

- (b). Explain five challenges associated with overpopulation. (10marks)

5. (a).

**BUSSY TRADERS
TRIAL BALANCE
AS AT 30TH JUNE 2019**

Details	DR.	CR.
	KES.	KES.
Purchases/sales	698000	1164000
Debtors/Creditors	102000	124000
Stock	80000	
Motor vehicles	1200000	
Drawings	60000	
Returns	44000	38000
Carriage inwards	20000	
Bank loan		760000
Furniture and fittings	1090000	
Discounts	50000	72000
Bad debts	40000	
Rent income		48000
Interest on loan	96000	
Cash	356,000	
Capital		1,630,000
	<u>3836,000</u>	<u>3836,000</u>

Closing stock as at 30/6/2019 sh.160000

Prepare trading and profit and loss account and the balance sheet as at 30th June 2019. (12marks)

- (b). Explain any four reasons that account for the increasing popularity of self service system in the exchange of goods and services. (8marks)

6. (a). There has been a tremendous increase in establishment of industries in the counties over the past five years. Explain five measures that the Kenya government has used to ensure this. (10marks)

- (b). Explain five reasons why a higher National Income may not necessarily mean better welfare for the citizens of that country. (10 marks)

**EMBU NORTH SUB-COUNTY
BUSINESS STUDIES PAPER 1
FORM 4
TIME: 2HRS**

1. State whether the following represent injection into or leakages from the circular flow of income. (4mks)

	Item	Injection/leakages
a)	Savings	
b)	Taxes	
c)	Government expenditure	
d)	Investment	

2. Outline four macro environmental factors of a business that can lead to its success. (4mks)

3. State four functions of money. (4mks)

4. Name the factor of production that each of the following resource relate to (4mks)

	Resource	Factor of production
a)	Manager	
b)	Equipment	
c)	Farmer	
d)	River	

5. List four essential services provided by the county governments to the public. (4mks)

6. Outline four factors to be considered when choosing a means of reproducing documents in an office. (4mks)

7. Outline four advantages of after sale services as a method of sales promotion to a customer. 4mks

8. Outline four benefits of the newly constructed standard guage railway line. (4mks)

9. In the spaces provided, indicate the account to be debited and to be credited in the following transactions. (4mks)

	Transaction	A/C DEBITED	A/C CREDITED
a	Bought machine in cash		
b	Started business with sh.30,000 in cash		
c	Took sh.20,000 cash from business for personal use		
d	Credit sales of old machine to Kamau		

10. The following balances were extracted from the books of kumi kumi traders on 31 dec.2017.

Gross profit	ksh.80,000
Rent	8,000
Discount received	2,000
Salaries	10,000
Discount allowed	5,000
Commission received	3,000
Maintenance expense	9,000
Debtors	10,000
Creditors	12,000

Required: prepare kumi kumi traders profit and loss account for the year ended 31 Dec 2017.

(4mks)

11. Highlight four circumstances under which goods can be delayed in a bonded warehouse. (4mks)

12. State four causes of cost-push inflation. (4mks)

13. Highlight four factors that can cause a firm to develop into a monopoly. (4mks)

14. On 3rd Feb 2016 Jomo bought goods worth ksh.12000. Terms of payment were, trade discount 5% and cash discount 10% if payment is made within 30 days. If Jomo paid on 26th Feb 2016 determine the amount he paid. (4 mks)

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

	Statement	Preference	Ordinary
a	Represent real owners of a company		
b	Rate of dividend is fixed.		
c	Has voting rights		
d	Redeemable		
e	May be cumulative		
f	Considered last in liquidation		

16. Highlight four ways in which the government can use to influence the supply of maize in Kenya. (4mks)

17. Highlight four purposes of public finance (4mks)

18. State the type of insurance policy described by the following statements. (4mks)

	Statement	Type of policy
a)	Cover losses caused by employees dishonesty/fraud	
b)	Protects employees against injuries while at work.	
c)	Cover damage on motor vehicle, other people and property caused by the vehicle.	
d)	Cover claims by the members of public against a business	

19. Indicate whether each of the following business transaction will increase, decrease or no effect on balance sheet totals.

	Transaction	Effect
i)	Buying stock in cash	
ii)	Buying stock on credit	
iii)	Withdrawing cash from bank for personal use	
iii)	Received cash from a debtor	

20. Outline four problems Kenya would suffer if she does not participate in foreign trade. 4mks

21. The following balances were extracted from the books of Juma traders for the year ended 31.12.2016.

Capital	800,000
Machines	600,000
Fixtures and fittings	200000
Net profit	100,000
Additional capital	50,000
Drawings	20,000
Debtors	50,000
Cash	100,000
Stock	50,000
Creditors	70,000

Required: prepare Juma traders balance sheet as at 31.12.2016. (5mks)

22. Highlight four measures taken by the government to encourage entrepreneurial practices in Kenya today. (4mks)

23. Outline four features of the basic human wants. (4mks)

24. Outline four circumstances under which signs and gestures can be used in communication. (4mks)

25. Highlight four factors that determine populations fertility rate in a country. (4mks)

EMBU NORTH SUB-COUNTY
565/2: BUSINESS STUDIES PAPER 2
TIME: 2 ½ HOURS

1. a) Explain five types of wholesalers found in Kenya. (10mks)
 b) Explain five criteria that is used to determine the size of a firm. (10mks)
2. a) Explain five ways through which the central bank of Kenya can control the supply of money in the country. (10mks)

- b) Explain five limitations of using radio as a means of advertising. (10mks)
3. a) Explain five types of unemployment. (10 mks)
- b) Musa traders had the following transactions during the month of April 2016.
- April 2: sold goods on credit to Mary sh.1800
- 3: Sold goods worth sh.45,000 to Njau on credit
- 5: Bought stock on credit worth sh.7600 from Kima
- 6: Sold stock to Magi on credit at sh.3000
- 8: sold an old machinery on credit to Heri sh.20,000
- 10: Bought goods worth sh.2400 on credit from Ciku.
- 15: Bought stock worth sh.180,000 on credit from Meja
- 20: Bought a van worth sh.250,000 on credit from Gari motors.
- Required : record the above transactions in the relevant journals. (10mks)
4. a) Explain five differences between public limited company and partnership forms of business units. (10mks)
- b) Sharks and Shujaa are importers of vehicles from Japan. Explain five terms of sale that may be quoted by the exporters of the vehicles. (10mks)
5. a) With an aid of a well labeled diagram explain the effect on the equilibrium price and equilibrium quantity when the supply of vehicles increases in the market. (10mks)
- b) Explain five principles of insurance. (10mks)
6. a) Explain four measures that should be taken to ensure that office machines are in good working condition all the times. (8mks)
- b) The following information relates to Kewa enterprises.
- | | |
|--------------------|-----------|
| Stock (1.1.2016) | 430,000 |
| Stock (31.12.2016) | 470,000 |
| Purchases | 930,000 |
| Sales | 1,155,000 |
| Carriage outwards | 25,000 |
| Carriage inwards | 10,000 |
| Returns outwards | 20,000 |
| Returns inwards | 30,000 |
| General expenses | 100,000 |
| Insurance | 25,000 |
- Required
Calculate
- a) Net sales (2mks)
- b) Rate of stock turn over (2mks)
- c) Gross profit (2mks)
- d) Mark – up (2mks)
- e) Margin (2mks)
- f) Net profit (2mks)

**NYERI CENTRAL SUB-COUNTY
BUSINESS STUDIES FORM 4
PAPER 1
TIME 2 HOURS
ANSWER ANY FIVE QUESTIONS**

1. List four items common in partnership agreement. (4mks)
2. State four benefits that may accrue to a business from political stability in country. (4mks)
3. Duka traders had good worth Ksh. 150,000 which was insured for Ksh. 1,000,000 against the risk of fire. Fire occurred and the goods were partially destroyed, the loss being Ksh. 90,000. Calculate how much compensation was paid by the insurance company to Duka trader. (4mks)
4. Highlight four benefits Kenyan is likely to get from exploitation of oil recently discovered in Turkana area.
5. Give four differences between a bill of exchange and a promissory note. (4mks)
6. Highlight four measures a consumer may take to satisfy unlimited wants. (4mks)
7. The following information relates to Bahati Nzuri traders for the year ended 31/12/2010.

Details	Ksh.
Capital 31/12/2010	450,000
Additional investment	70,000
Cash drawings	30,000
Drawings of stock	15,000
Net loss	100,000

Required

Calculate the capital of Bahati Nzuri traders as at 1/1/2010. (4mks)

8. Highlight four ways in which goods are prepared for sale in a warehouse. (4mks)
9. State four functions of advertising agencies in our country. (4mks)
10. State the type of error committed in each of the following entries. (4mks)

Entry	Types of error
(i) Credit purchase of sh.2600 from Toto Trader was recorded as sh.6,200 in both the purchase and Toto Traders account	
(ii) Sale of furniture on credit to Wanjru for sh. 6,000 was debited to Wanjikus account	
(iii) Sales book was undercast by sh. 210 while purchase book was also undercast by sh.210	
Iv Repairs on machinery for sh. 3,400 was debited in machinery account as sh.3,400	

11. Highlight four reasons why a country would like to know the structure of its population. (4mks)
12. The information below was extracted from the books of Lemayian Traders for the year ended 31/12/2015.

	Shs.
Opening stock	45,000
Closing stock	15,000
Turnover	340,000
Margin	25%

Required:

- (i) Gross profit (2mks)
- (ii) Purchases (2mks)
13. State four reasons that make it difficult to attain perfectly competitive conditions in the market. (4mks)
14. State whether each of the following transactions will increase, decrease or have no effect on the balance sheet totals. (4mks)

- (a) Deposited private savings into business
- (b) Paid a creditor in cash
- (c) Withdrew money from bank for business use
- (d) Purchased a motor van by cheque

15. Outline four factors that determine the supply of money in an economy. (4mks)
16. Outline four reasons why the government imposes taxes on Kenyan citizens. (4mks)
17. For each of the following source documents, name the relevant day book. (4mks)

SOURCE DOCUMENT	DAY BOOK
Invoice issued	
Credit not received	
Cheque received	
Invoice received	

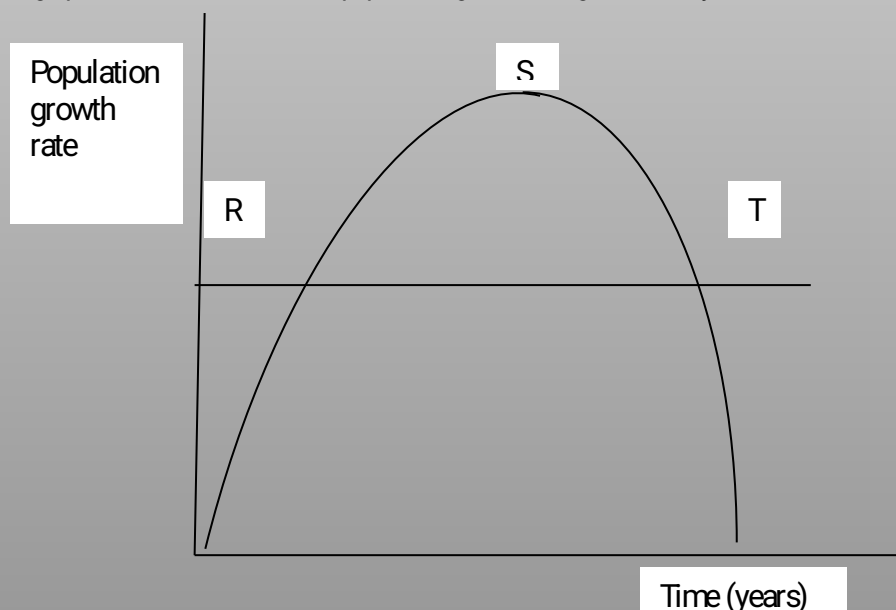
18. State four limitations of the consumer price index method of measuring the rate of inflation. (4mks)
19. State four types of information that a manager may communicate to the juniors. (4mks)
20. Give four disadvantages of a long chain of distribution of goods to a buyer. (4mks)
21. Outline four circumstances in which the government may be involved in business. (4mks)
22. The cash book below was incorrectly prepared

Date	Particulars	Cash	Bank	Date	Particulars	Cash	Bank
2017				2017			
June 1	Bal b/d	800	1,880	June 2	Sales	2640	
June 3	Purchases		2520	June 5	Wages		620
June 4	Electricity	500		June 9	Kiprono (creditor)	250	
June 7	Maitho (debtor)		400	June 12	Rents received		1,830
June 12	Bal c/d	1,590		June 12	Bal c/d		2,350
		2890	4,800			2,890	4,800
June 13	Bal b/d		2,350	June 13	Bal bld	1590	

23. Identify transactions that were wrongly entered in the cash book. (4mks)
23. Explain the following terms as used in business. (4mks)
- (a) Cartel
- (b) Amalgamation
- (c) Privatization
24. Identify the type of goods described by the following statements given in the table.

STATEMENT	TYPE OF GOOD
(i) Used to crate other goods	
(ii) Required further processing in order to have utility	
(iii) government is obligated to provide them to her citizen	
(iv) Goods that are bought more frequently by consumers to satisfy common wants.	

25. The graph below shows the rate of population growth of a given country.



- Mention four effects of the trend of population growth between S and T. (4mks)

BUURI EAST SUB-COUNTY
565/1
BUSINESS STUDIES
PAPER 1
2 HOURS

1. Outline four factors that hinder entrepreneurship in Kenya. (4mks)
2. State four factors considered before offering credit facilities to customers. (4mks)
3. Mention four circumstances under which a manager of a company may use downward communication. (4mks)
4. Highlight four factors that a producer considers before choosing a channel of distribution. (4mks)
5. State four characteristics of goods. (4mks)
6. Identify four types of advertising. (4mks)
7. A house with a value of Ksh. 2,000,000 is insured for Ksh. 1200, 000 against fire. The value of the house destroyed by fire was Ksh. 1,000,000. Calculate the amount the insured was compensated after the loss. (4mks)
8. Outline four features of a savings account. (4mks)
9. Outline four reasons for differences in terms of trade between Kenya and United States of America. (4mks)
10. State the best types of machine one would use to perform the following tasks. (4mks)

Function	Types of machine
a) To trim papers to the required sizes	
b) To destroy sensitive but unwanted documents.	
c) To fold documents, put them in envelope and seal them.	
d) To create postage impression on the envelope.	

11. Mention four challenges that Kenya may encounter in developing planning at the formulation stage. (4mks)
12. List four problems of using expenditure approach in the calculation of national income. (4mks)
13. State the effects of the following transactions on the balance sheet totals. (4mks)

TRANSACTION	EFFECT
e) Paid creditors by cheque	
f) Sold goods on credit.	
g) Converted personal car for business use.	
h) Deposited cash into bank.	

14. Outline four benefits that Mr. Kamau will get by being a member of capital SACCO. (4mks)
 15. The following information relates to Meru traders for the year ended 31 December 2017. (4mks)
- | | |
|----------------|-----------|
| Sales | 1000,000. |
| Opening stock | 100,000. |
| Closing stock | 200,000. |
| Gross profits. | 200,000 |

- Calculate rates of stock turnover. (4mks)
16. Mention four methods that determine the prices of commodities in the market apart from price mechanism. (4mks)
 17. State four principles of public expenditure. (4mks)
 18. Highlight four reasons why the Kenyan consumer organizations have been ineffective in protecting consumer. (4mks)
 19. Use the following information for Ngugi Wholesalers to prepare sales return day book. (4mks)

2017

November 1	Emily returned goods worth. Ksh. 1000.
November 10.	Nathan returned goods valued at Ksh. 900.
November 15.	Returned goods to Chris worth. Ksh. 500.
November 30.	Muthinja returned goods worth Ksh. 800.

20. Identify five steps taken in procuring an Insurance cover. (5mks)
21. State three factors within a business that may affect its performance. (3mks)
22. Record the following transaction in the relevant ledger accounts. (4mks)

2019.

Jan. 1 started a business with Ksh. 100,000 at the bank.

10. Bought goods valued at Ksh. 2000 by cheque.

23. State four ways through which a firm may acquire a monopoly position. (4mks)
24. Kenya is one of the countries in the world that is experiencing unemployment problem. Identify four causes of this problem. (4mks)
25. State four differences between shares and debentures. (4mks)

Shares	Debentures

BUURI EAST SUB-COUNTY
BUSINESS STUDIES
PAPER 2
2¹/₂ HOURS

1. a) Explain five shortcomings of direct production. (10mks)
- b) Outline five differences between a co-operatives society and a private limited company. (10mks)
2. a) Explain five measures to undertake in order to increase efficiency of a warehouse. (10mks)
- b) Explain five benefits that would accrue to a business that expands its scale of operation. (10mks)
3. a) Explain four features of a monopoly. (8mks)
- b) The following trial balance belongs to wakili traders as at 30th June 2016.

Wakili Tradres
Trial balance
As at 30th June 2016

	Dr.	Cr.
Stock 30/06/15	4000	
Capital		162,300
Purchase and sales	35,000	70,000
Drawings	6,000	
Furniture and fittings	20,000	
Motor Vehicle	150,000	
Debtors and creditors	8,000	12,000
Returns	2,000	4,800
Discount	800	700
Wages and salaries	15,000	
Rent	3,500	
Insurance	2,100	
Commision	400	
Bank		3,000
Cash	6000	
	<u>52,800</u>	<u>252,800</u>

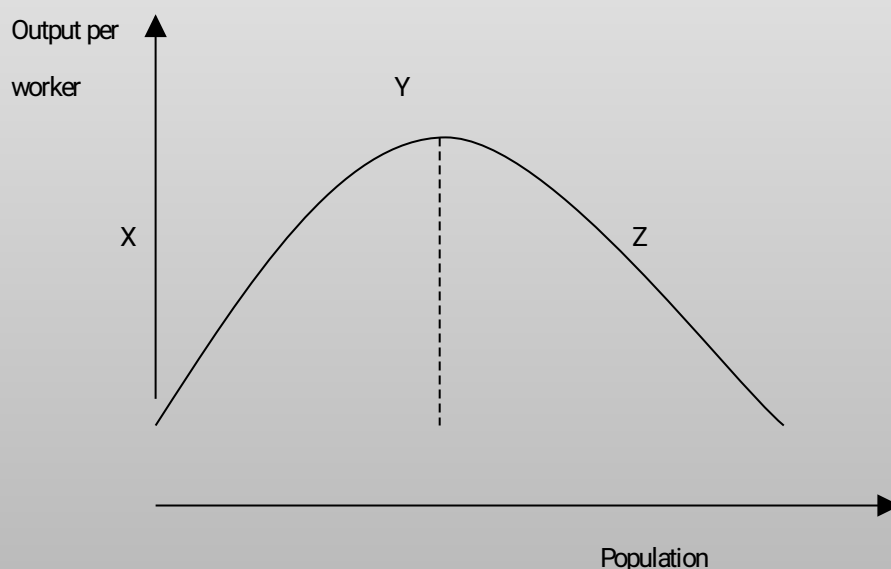
Required

- i) Prepare a trading profit and loss account and a balance sheet as at 30th June 2016. (12mks)
- 4.a) On 1st Jan 2017 Dona traders had, sh. 110, 000 in hand and 50,000(cr) Bank. During the month, the following transactions took place
 - Jan. 2 Cash sales 40,000.
 - " 3 Paid postage expenses 4100 in cash.
 - " 5 Received the following cheques from debtors after they had deducted a cash discount of 2% in each case. Kamau Ksh. 2450, Laban Ksh. 9604 and Tugi Ksh 2774.
 - 9 Paid the following creditors in cash and in each case deducted 2% cash discount, Willy Ksh. 2000 and Yala Ksh. 6000.
 - 13 Cash sales directly baked Ksh 10,000.
 - 16 Took Ksh. 11,000 from the office and deposited in the business bank account.
 - 19 Sold goods worth Ksh. 18000 on credit to Kiyoma.
 - 21 Received Ksh.18000 cash from Oman in settlement of his account of Ksh. 20,000.
 - 26 Took oil cash to the bank leaving Ksh.4000 only.

Required: Prepare a duly balanced three column cashbook. (10mks)
- b) Explain five characteristics of a life assurance policy. (10mks)
5. a) State and explain five emerging trends in the Banking industry. (10mks)
- b) Explain five negative effects of rapid population growth. (10mks)
6. a) Explain five reasons why a country would carry out development planning before undertaking its projects. (10mks)
- b) Explain five benefits of adopting the use of an open office layout. (10mks)

TETU SUB-COUNTY
Form FOUR Business Studies
Paper 565/ 1
Time: 2 Hours
PAPER 1

1. List four sources of funds that would be at a Sole proprietor's disposal. (4mks)
2. Give four circumstances under which a monopoly would come into existence. (4mks)
3. Mention four measures that the government would take to prevent entry of contraband sugar in the country. (4mks)
4. Study the following diagram and answer the question that follows.



- (i) Give two merits of the section labeled X (2mks)
 - (ii) Identify the part labeled Y in the diagram. (1mk)
 - (iii) Give two demerits of section labeled Z in the diagram. (2mks)
5. The following information was extracted from the books of Karimi Enterprises on 28th Feb 2019.

Fixed assets	400,000
Creditors	120,000
Debtors	150,000
Accrued rent	30,000
Stock	145,000
Prepaid Rent	5,000
Capital	550,000

Required:

- (a) Determine the working capital of the business. (3mks)
 - (b) Calculate the current ratio: (1mk)
6. List four benefits of observing business ethics in the course of doing business. (4mks)
7. In each of the following case a communication line is explained. Study it and identify the line of communication described. (4mks)
- a) The principal addresses the assembly.....
 - b) All class secretaries hold a meeting in the hall to discuss indiscipline in their classes.....

c) Cabinet secretary of education passed by the school and gave an address as he proceeded to a national rally in a nearby stadium.....

d) End of year party held in the school attended by BOM members, teachers, students and support staff.....

8. State the book of original entry used in recording each of the following transactions of KOMU traders. (4mks)

	Transaction	Book of original entry
(i)	Komu returned goods worth sh. 9,500 to Tetu traders	
(ii)	Nanzara returned goods worth sh. 2900	
(iii)	Purchased goods on credit from Sanaipei for sh. 5,000	
(iv)	Sold goods on credit to Wanjala for sh. 20,000	

9. Using a well labelled diagram illustrate the circular flow of income in a two sector economy. (5mks)

10. Give four circumstances when a consumer may enjoy the services given by a warehouse. (4mks)

11. Identify the elements of transport to which each of the following items relate. (4mks)

a) Human effort.....

b) Bodaboda shed.....

c) School bus

d) Lake Victoria.....

12. Suggest four benefits to a trader who operates a supermarket instead of a kiosk. (4mks)

13. Highlight four limitations of barter trade to an economy. (4mks)

14. The following statements refer to different office layouts. Identify the type of office layout explained in each of the following statements. (3mks)

a) Senior managers are assigned separate rooms from where they coordinate business activities

b) High class office designed to enhance the image of the institution

c) All staff members operate from the same room

15. State four uses of a balance sheet. (4mks)

16. Identify three levels of inflation. (3mks)

17. Basing your knowledge on financial ratios, complete the following table. (4mks)

Opening stock	Closing stock	Net purchases	Costs of goods sold	Net sales	Gross profit	Average stock	Rate of stock turn over
(a)	50,000	170,000	240,000	(b)	30,000	(c)	(d)

18. The following trial balance was prepared by an incompetent accounts clerk. Prepare a correct one. (4mks).

Nguyo
Trial balance
As at 30th June 2015

	DR	CR
Creditors	10,000	
Debtors		14,000
Returns inwards	7,500	
Drawings	31,000	
Land		60,000
Returns outwards	15,000	
General expenses		10,000
Capital	100,000	
Furniture		8,000
Accrued rent		5,500
	163,500	97,500

19. For each of the following day books state the relevant source document. (5mks)

Day book	Source document
----------	-----------------

(i)	Sales Journal	
(ii)	Sales returns journal	
(iii)	Purchases journal	
(iv)	Purchases returns journal	
(v)	Cash receipts journal	

20. Identify each of the following categories of Government expenditure. (3mks)

- (i) Government spends funds on regular basis.....
- (ii) Government finances specific projects aimed at facilitating economic growth
- (iii) Government give bursaries to student.....

21. State four reasons that may make a firm to use competitive advertising. (4mks)

22. Identify the type of resource described in each of the following cases. (4mks)

- (a) Can be restored after use.....
- (b) Created by man to assist him in production of goods.....
- (c) Availed by nature
- (d) Physical effort put by man to produce goods and services.....

23. Highlight four circumstances under a firm may be located near the source of raw materials. (4mks)

24. Identify four types of unemployment and mention a major cause in of each. (4mks)

25. The following information relates to Mimi Traders for the year ended 30th June 2019. (5mks)

Opening stock	25,000
Closing stock	35,000
Purchases	190,000
Returns outwards	5,000
Margin	20%

Required a trading account for the year ended 30th June 2019.

TETU SUB-COUNTY
Form FOUR Business Studies
Paper 565/ 2
Time: 2 ½ Hours

1. (a) Explain five factors that lead to decline in the level of national Income of a County. (10mks)
- (b) Explain five factors considered when selecting a channel of distribution to use. (10mks)
2. (a) Explain four circumstances when a risk would not qualify to be covered by an insurer. (8mks)
- (b) The following balances were extracted from the books of Unity Enterprises as at

30th June, 2016.

Shs

Sales	400,000	Stock (1 st July, 2015)	5,000
Stock (30 th June, 2016)	8,000	Discount received	4,000
Discount allowed	6,000	Insurance premium	4,000
Premises	300,000	Fixtures and fittings	200,000
Carriage inwards	7,000	Carriage outwards	3,000
Bank loan	23,000	Bank overdraft	50,000
Creditors	40,000	Cash in hand	10,000
Debtors	12,000	Drawings	14,000
Capital	340,000	Gross profit margin	25%

Prepare;

- i) Unity Enterprises Profit and loss Accounts for the year ended 30th June 2016. (4 marks)
 - ii) Unity Enterprises Balance sheet as at that date. (8 marks)
 - 3(a) Explain five problems faced by a county with a big percentage of a youthful population. (10mks)
 - (b) Explain five external factors that an entrepreneur need to consider when evaluating a business opportunity. (10mks)
 - 4(a) Using a diagram, explain the effects of a positive shift of a demand curve on the equilibrium point, price and quantity. (10mks)
 - (b) On 1st April 2016, Twiga Enterprises had sh. 150,000 cash in hand and a bank credit balance of sh. 54,000. During the month the following transactions took place.
- April 3 Cash sales shs. 114,900
- 4 A debtor settled his account of Kshs. 400,000 by cheque less 5% each discount.
 - 10 Paid salaries kshs. 35,400 in cash
 - 15 Settled a creditor's account of Ksh. 150,000 by a cheque less 3% cash discount.
 - 22 Received cash Kshs. 84,600 from Pengo traders after deduction 6% cash discount
 - 24 Withdrew ksh. 120,000 from business bank for office use.
 - 26 Cash sales kshs. 90, 000 banked directly
 - 30 Deposited all cash except ksh. 10,800
- REQUIRED: Prepare a duly balanced three column cash book. (10mks)
- 5(a) Highlight five benefits of delocalization of firms in an economy. (10mks)
 - (b) Outline five differences between a cooperative society and a private limited company. (10mks)
 - 6(a) Explain five ways of controlling cost push inflation. (10mks)
 - (b) Explain five characteristics of economic resources. (10mks)

KANGEMA
565/1
BUSINESS STUDIES
PAPER 1

Time 2 hours

1. Highlight four ways in which a firm can improve productivity of its human resources. (4 marks)
2. Outline four possible consequences of poor arrangement of goods in a warehouse. (4 marks)
3. There are missing figures in the table below. (4 marks)

	FA	CA	C	L
a)	275,500	W	315,000	115,500
b)	182,000	108,700	X	217,100
c)	Y	76,400	123,100	91,900
d)	313,450	211,340	189,170	Z

Calculate:

- i. W = ...
- ii. X = ...
- iii. Y = ...
- iv. Z = ...
4. State four reasons why consumers have to make a choice when satisfying competing wants. (4 marks)
5. State four factors that would influence the amount of money that an individual may hold for transaction purposes. (4 marks)
6. Outline four circumstances under which an insurance company may refuse to compensate the insured in times of loss. (4 marks)
7. State four errors that may not affect the balancing of a trial balance. (4 marks)
8. Outline four functions of the Kenya Bureau Of Standards (KEBS). (4 marks)
9. The information given below was extracted from the books of Kambo Traders on 31st May 2016.
 Kshs
 Purchases 260, 000
 Opening stock 75, 000
 Carriage on purchases 12, 500
 Closing Stock 27, 500
 Goods were sold at a margin of 25%.
 Using the information provided above, prepare Kambo trading account for the period ended 31st May 2016. (5 marks)
10. Outline four differences between a monopoly and a monopolistic competition. (4 marks)
11. Name any three equipment that are used in document reproduction in an office. (3 marks)
12. Outline four reasons why savings and credit Co-operative Societies are becoming very popular in Kenya today. (4 marks)
13. Name the documents described by the statements given below as used in International trade. (4 marks)
 - a. Requests for payment before goods are delivered.
 - b. Shows ownership or title of imported goods.....
 - c. Show the country of manufacture of goods.....
 - d. Show the transport charges for goods.....
14. The following balances of assets and liabilities were provided by Njogu Enterprises on 31st December 2017.
 Shs.
 Bank overdraft 160, 000
 Land 400,000
 Accrued Electricity bill 100,000
 Stock 20,000
 Debtors 40,000
 Drawing of Shs 4,000 were made every month during the year. Prepare a balance sheet as at 31st December 2017. (4 marks)
15. Mention four non-tax internal sources of revenue to the government. (4 marks)
16. A business opportunity may exist where there are certain gaps in the market.. Highlight four such gaps. (4 marks)
17. Outline four circumstances under which a trader may choose to transport his goods by air. (4 marks)
18. State four uses of National income statistics. (4 marks)

19. Highlight four features of mail order shops in home trade. (4 marks)
20. Outline four reasons why a firm may choose to remain small. (4 marks)
21. State four limitations of using internet as a means of communication despite its popularity in the world today. (4 marks)
22. Distinguish between the following terms as used in population.
 - a. Immigration and emigration. (2 marks)
 - b. Declining population and under population. (2 marks)
23. Outline four reasons why ethical practices are necessary in product promotion. (4 marks)
24. Highlight four problems that Kenya may experience in implementing its development plans. (4 marks)
25. List four factors that can cause demand pull inflation. (4 marks)

KANGEMA
565/2
BUSINESS STUDIES
 Paper 2
 Time 2½ hours

Answer any **FIVE** questions.

1.
 - a. Describe any five features of economic resources. (10 marks)
 - b. Explain five disadvantages that a country may experience from imposing trade restrictions on trading partners. (10 marks)
2.
 - a. Explain five differences between a public cooperation and a private limited company. (10 marks)
 - b. The following information was extracted from the books of Kema traders as at 31st Dec 2009

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 premises	72 000
Motor vehicle	1 080 000
Motor vehicle maintenance	360 000
Premises	648 000
Rent received	144 000
Sundry expenses	122 520

Prepare:

 - i. Profit and loss account for Kema traders for the year ended 31st Dec 2009.
 - ii. Balance sheet as at 31st Dec 2009. (10 marks)
3.
 - a. Highlight five problems encountered when measuring the national income of a country. (10 marks)
 - b. Explain five limitations a business that relies on the use of motor cycle transport is likely to encounter. (10 marks)
4.
 - a. Explain five qualities of a successful salesperson. (10 marks)
 - b. With the aid of a well labelled diagram, explain the effects on the equilibrium of an increase in the supply of carrots while the demand remains constant. (10 marks)
5.
 - a. On 1st June 2014, Kinyua had Shs. 110, 000 cash and Shs. 500, 000 at bank. During the month the following transactions took place;

June 2	: Cash sales banked sh. 70, 520
June 5	: Bought furniture in cash sh 9000
June 10	: Paid Joshua, a creditor sh. 188 000 by cheque in full settlement of his account after deducting 6% cash discount.
June 12	: Received a cheque of sh117, 600 from Juma after allowing him a cash discount of sh. 2,400.
June 15	: Paid salaries sh. 68 000 cash.
June 20	: Withdrew sh. 100, 000 from bank for office use.
June 29	: Awino, a debtor paid her account of sh. 150 000 by cheque less 10% cash discount
June 30:	Deposited all the cash in to the bank except sh. 27 400.

Required: a. Prepare a three column cash book and balance it off. (10 marks)

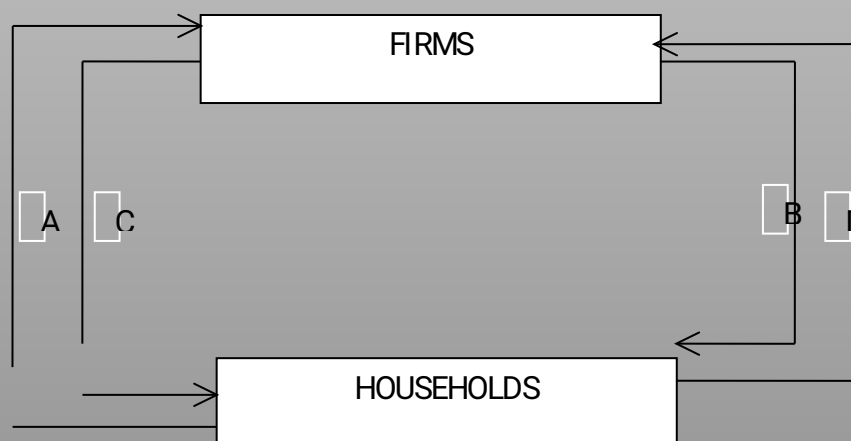
 - b. Explain five benefits that would accrue to a country that encourages entrepreneurship. (10 marks)
6.
 - a. using a suitable diagram, explain the habits of sellers in an oligopoly market. (10 marks)
 - b. Outline five features of an efficient tax system. (10 marks)

KANDARA
565/1- BUSINESS STUDIES – Paper 1
FORM 4
TIME 2 HOURS

1. Outline four business activities [4mks]
2. State four elements of economic environment that may influence the operation of a business [4mks]
3. Highlight four factors that determine efficiency of a transport system [4mks]
4. Outline four factors that can lead to the success of a business [4mks]
5. Highlight four factors to consider before buying office equipment [4mks]
6. State four circumstance under which a credit note can be issued [4mks]
7. Indicate the best document to use in each of the following circumstances [4mks]

	Circumstance	Document
a.	To update a catalogue	
b.	To reply to a specific letter of inquiry	
c.	To show the content in a container	
d.	To correct an undercharge in the invoice	

8. Highlight four features of a private limited company [4mks]
9. Outline four reasons for government involvement in business [4mks]
10. Outline four elements of communication [4mks]
11. Highlight four factors which may limit the effectiveness of a warehouse [4mks]
12. Highlight four contents of an insurance policy [4mks]
13. Highlight four circumstances under which a trader may offer after sales services. [4mks]
14. Indicate the type of supply represented by each of the following statement [3mks]
 - a. Supply of two or more commodities that are supplied together.....
 - b. Supply of a product that can be supplied from more than one source.....
 - c. Supply of one commodity leads to a reduction in supply of another because they use similar factors of production.....
15. Highlight four reasons why a producer may prefer to establish his business near source of raw material. (4mks)
16. State four conditions necessary for price discrimination in monopoly market (4mks)
17. Outline four factors that may make a producer to bypass the wholesaler when distributing goods. (4mks)
18. The diagram below shows the circular flow of income in a two sector economy. Explain the meaning of arrows A, B, C, and D [4mks]



19. Outline four negative implications of overpopulation to an economy. [4mks]
20. Calculate the missing figures [4mks]

Assets	Liabilities	Capital
200,000	130,000	

	50,000	80,000
350,000		210,000
	20,000	40,000

21. The following transactions were extracted from the books of Juma Wholesalers Limited (2008)

Jan 1 : Sold goods on credit worth kshs. 400,000 to Shah Traders

Jan 10 : Purchased goods worth Ksh. 600,000 in cash

[4mks]

Required; record the above transactions into the relevant 'T' accounts

22. Outline four ways that the government can use to promote exports

[4mks]

23. Outline four goals of development in Kenya.

[4mks]

24. Highlight five principles of government expenditure.

[5mks]

25. Outline four circumstances under which cash with order may be used

[4mks]

KANDARA

565/2

BUSINESS STUDIES

PAPER 2

TIME 2HRS 30 MIN

ANSWER ANY FIVE QUESTIONS

1 a) Explain five factors that may contribute to efficiency in the operations of a warehouse

(10 marks)

b) Explain five factors that may cause business success.

(10 marks)

2 a) Explain five reasons that may influence a business man to team up with others to form a partnership.

(10marks)

b) Explain five ways which Kenya may use to control inflation.

(10marks)

3. a) Explain five benefits of transport to a business

(10 marks)

b) Explain five methods that may be used by a country to control imports from other countries

(10 marks)

4. a) Explain five features of perfect competition market structure

(10marks)

b) The following balances were extracted from the books of Jubilee Flour mills on 1st July, 2013.

Shs

Equipment	300,000
Motor van	450,000
Debtors	140,000
Creditors	180,000
Stock	120,000
Cash	70,000
Capital	900,000

The following transactions took place during the year ended 30th June 2014.

(i) Bought goods worth shs.40,000 and paid shs28,000 cash. The balance was still owing by the end of the year.

(ii) Sold equipment worth shs80,000 and received shs50,000 cash. The balance had not been received by the end of the year.

(iii) Took cash shs12,000 from the businesses to pay school fees for a needy child.

REQUIRED

Prepare Jubilee's balance sheet as at 30th June, 2014 showing all items in the relevant classes

(10 marks)

5. a) Outline five circumstances under which the supply curve would shift outwards to the right.

(10marks)

b) Explain five services offered by commercial banks

(10marks)

6. a) Explain five benefits to a person who buys goods from a supermarket rather than from a kiosk.

(10 marks)

b) The following Trial balance was extracted from the books of Murang'a Traders on 31st December 2013.

	Dr. Shs	Cr. Shs
Stock 1/1/2013	22,500	
Sales		145,000
Purchases	80,000	
Carriage outwards	14,000	
Debtors	20,500	
Creditors		18,500
Fixed assets	92,000	
Bank overdraft		17,500
Salaries	24,000	
Returns outwards		22,400
Cash in hand	52,500	
General expenses	25,200	
Returns inwards	11,500	
Capital		128,800
	<u>332,200</u>	<u>332,200</u>

Stock on 31/12/2013 was shs 16,500

Prepare

- i) The trading and profit and loss account for the business for the year ended 31st December 2013 (7mark)
- ii) Calculate
 - a) Margin (1mark)
 - b) Rate of stock turnover (1 mark)
 - c) Return on capital (1 mark)

GATANGA
KENYA CERTIFICATE OF SECONDARY EDUCATION
565/1
PAPER 1
TIME: 2 HOURS
FORM FOUR

1. Identify the level of production for each of the following activities. (4marks)

Activity	Level of production
a) Painting a house	
b) Constructing a road	
c) Insuring a car	
d) Dress making	

2. State four current trends in communication. (4marks)
3. Highlight four circumstances under which the stock of a business may change. (4marks)
4. List four negative effect that inflation may have on the economy. (4marks)
5. Outline four ways in which business studies may be of benefit to an individual. (4marks)
6. A manufacturing industry is planning to construct a warehouse advice the manufacturer on any four features that a good warehouse should have for it to function effectively. (4marks)
7. Highlight four circumstances that may influence a firm to locate its operations near source of raw materials. (4marks)
8. State the challenges encountered in using the expenditure approach while compiling the National Income of a country.
9. Highlight four ways which can minimize violation of consumer rights by unscrupulous traders. (4marks)
10. The following information relates Tumaini Enterprises for the years ended 31st Sep 2015

Mark up 25%

sales 250,000

Determine:-

- a. Gross profit. (2marks)
- b. Margin (1mark)
- c. Cost of goods sold. (1mark)
11. Outline four negative effects of an ageing population to the economy. (4marks)
12. Nyakio has been advertising her goods in the newspapers for the last two years. During this period her business has not been doing well. Outline four limitations of advertising in Newspaper. (4marks)
13. The following balances were extracted from the books of Lulu traders on 31st Dec. 2017.

Fixed assets	sh. 300,000
Current assets	123,700
Creditors	84,500
5 years loan	125,000

- Determine the Net worth of the business as at 31st Dec. 2017. (4marks)

14. Highlight four circumstances under which a business organization may choose to dispose of an office machine. (4marks)

15. State four measures that a cheque drawer may take, in order to ensure that the cheque is not dishonoured. (4marks)

16. Write the document that relates to each of the following statements in International Trade. (4marks)

Statements	Document
a) Prepared by an exporter giving details about the origin of goods.	
b) A document of title of goods in international trade	
c) Shows prices charged as certified by the importing country's officials	
d) Enable the importer to initiate clearing of customs duty earlier enough to avoid delays.	

17. Outline four reasons that make it necessary for a country to get involved in development planning. (4marks)

18. Illustrate with a well labeled diagram the effect of an outwards shift in demand on the equilibrium price and quantity.

19. Outline four differences between perfect competition and monopoly market structures. (4marks)

20. State four problems that may be faced by entrepreneurs without business plan. (4marks)

21. Highlight five steps followed while applying for an insurance cover in general insurance. (5marks)

22. Country X has managed to fully utilize its natural resources. State four factors that may have enabled this country to fully utilize her natural resources. (4marks)

23. There has been a call for privatization of Government owned businesses in Kenya. State four reasons why it has become necessary to privatize government businesses. (4marks)

24. Motorcycle transport is now a common feature in most part of Kenya. Highlight four problems being faced by this means of transport. (4marks)

25. State three benefits that would accrue to a customer who borrows a loan from a non-banking financial institution. (3marks)

GATANGA
KENYA CERTIFICATE OF SECONDARY EDUCATION
565/2
BUSINESS STUDIES
PAPER 2
TIME: 2 ½ HOURS
FORM FOUR

1a) Explain five positive effects of external business environment on a business. (10mark)

b) Explain five principals that would lead to effective use of government resources. (10marks)

2a) Outline five differences between parastatals and co-operatives. (10marks)

b) Explain five limitations of using consumer price index (CPI) to measure the level of inflation in a country. (10marks)

3a) Most of the business today are trying to adopt modern technology in running business. Discuss five negative impacts to a business due to advancement in technology. (10marks)

b) On 1st January 2017, Kandie had cash in hand shs. 3250 and cash at Bank shs 136,500. During the month, the following transactions took place.

- Jan 2: - Cash sales shs. 42,630 paid direct into business bank account.
- 3 -Received a cheque of shs. 14,100 from Kibe.
- 8 -Bought goods for shs.26,240 and paid by cheque.
- 12 -Cash sales shs. 42,450.
- 14 -Paid Kioko by cheques. 23,750 in full settlement of his account less 5 % cash discount.
- 15 -Paid wages shs.24,000 cash.
- 16 -Withdrew shs. 36,000 from bank for office use.
- 18 -Bought stationery shs.550 cash.
- 20 -Cheque received from Kibe was dishonoured.
- 28 -Paid salaries by cheques. 48,600
- 29 -Received a cheque for shs. 9,500 from Otieno after deducting 5 % cash discount.
- 30 -All cash banked except sha. 5,000

Required:

Prepare a three column cash book of Kandie duly balanced. (10mks)

4a) Explain five difficulties that a business that uses salespeople to promote their products are likely to encounter. (10marks)

b) With the aid of a diagram explain the difference between movement along demand curve and a shift in a demand curve. (10marks)

5a) Kuku feeds manufacturers have been selling their products directly to retailers. They have decided to distribute their products through wholesalers. Explain four benefits that they may get from this new arrangements. (8marks)

b) The following trial balance was extracted from the books of Furaha Traders on 31st Dec. 2016.

FURAHA TRADERS
TRIAL BALANCES
AS AT 31ST Dec. 2016

Accounts	DR. (SHS)	CR (SHS)
Sales		600,000
General expenses	60,000	
Rent expenses	10,000	
Commission received		20,000
Motor vehicles	600,000	
Furniture	240,000	
Cash	50,000	
Creditors/debtors	120,000	180,000
Purchases	400,000	
Returns inwards	20,000	
capital		700,000
	<u>1,500,000</u>	<u>1,500,000</u>

Additional information:

Stock on 31st Dec. 2016 was valued at shs. 60,000

Required:-

Prepare:

i. Trading profit and loss account for the year ended 31st Dec. 2016. (9marks)

ii. Calculate a) Return on capital. (1mark)

b) Current ratio. (2marks)

6a) Describe five challenges that may be experienced by a country whose population is made up of large proportion of young people. (10marks)

b) A country X has been suffering from underdevelopment. Outline five factors that may have hindered its development. (10marks)

IMENTI CENTRAL CLUSTER EXAMINATION

565/1

BUSINESS

TIME: 2H 30MIN

1. State four types of business activities carried out in Kenya (4mks)

2. Suggest four reasons for the increase motorcycle accident in Kenya today (4mks)

3. State four circumstances in which sign language may be preferred (4mks)

4. The following information was extracted from the books of Rono traders

rate of stock turn-over 3 times

Mark-up 20%

Opening stock Ksh 60,000

Closing stock Ksh 120,000

Calculate (5mks)

a. Cost of goods sold

b. Gross profit

c. Purchases

d. Sales

5. Suggest four factors that influence the amount of money that individual own for transaction motives (4mks)

6. Complete the table given below by indicating the amount to debited and the account to be credited (4mks)

	transaction	Account to be debited	Account to be credited
i.	Stated a business with Ksh 70,000 in cash		
ii.	Sold goods on credit worth Ksh 8,000		
iii.	Purchased Goods that are worthy Ksh 65,000 on credit from Mugure traders		
iv.	Withdrew Ksh 5,000 for own use		

7. State four factors which may hinder economic development in a country (4mks)

8. Outline four negative effects of overpopulation (4mks)

9. Outline four reasons why the government issues license before a business can start operations (4mks)
10. For each of the following transaction indicate the source of document from which the following transaction would be recorded (4mks)

	Transaction	Source of document
i.	Sale of goods on credit	
ii.	Goods returned by customer	
iii.	Purchase of goods on credit	
iv.	Correction of an undercharge	

11. State four limitations of using bill boards as a method of advertising products (4mks)
12. State four ways in which the nature of goods would influence the choice of transport means. (4mks)
13. State any four uses of national income statistics (4mks)
14. State three uses of general Journal (3mks)
15. Outline four methods of reproducing documents in an office (4mks)
- 16 Highlight four advantages of using a short channel of distribution (4mks)
17. State any four external business environment that may lead to a business success (4mks)
18. The government of Kenya may only incur expenditure after careful planning based on certain principles. State four canons of the government of Kenya expenditure (4mks)
19. The following information was obtained from the books of Eastland's traders as at 13th Dec 2016

	shillings
Profits	71,000
Drawings	12,000
Total assets	300,000
Total liabilities	70,000

Required: Calculate Eastland trader's capital as at 1st January 2016

20. Identify the type of utility created from the following activities

	ACTIVITY	TYPE OF UTILITY
a.	Crushing sugarcane to make sugar	
b.	Transporting sugar from the factory to the	
c.	supermarket keeping sugar in a warehouse	
d.	Selling sugar in a supermarket	

21. Kamau a form four leaver wants to start a business. Name any four sources where he could get a good business idea (4mks)
22. The balances given below were extracted from the ledger account of Makutano traders as at 31/06/2017

	Ksh
Capital	190,000
Furniture	110,000
Upendo distributors	231,000
Purchases	285,000
Wages	41,000
Return inwards	5,000
Return outwards	15,000
Rent received	5,000

Required: prepare the trial balance to the business as at 31/06/2017

23. Outline four advantages of supermarket to the owner (4mks)
24. Highlight four benefits to a member of savings and credit co-operative society (4mks)
25. State four factors that influence the location of a firm (4mks)

IMENTI CENTRAL CLUSTER EXAMINATION

565/2

BUSINESS STUDIES

TIME: 2 ½ HRS

- 1a. Explain five reasons why its important to have business plan (10mks)
- b. Explain any five methods used by the government to solve high rate of unemployment (10mks)
- 2a. Explain five ways of correcting a balance of payment deficit (10mks)
- b. Explain five factors to consider when designing an office (10mks)
- 3a. Outline five differences between perfect competition and monopoly market (10mks)
- b. Explain any five non-monetary measures that government may use to control inflation (10mks)
- 4a. The following information was extracted from the books of Rotich traders as at 31st Dec 2015

Sales	800,000
-------	---------

Purchases	500,000
Return inwards	90,000
Return outwards	26,000
Credition	150,000
Rent	60,000
Deriver van	160,000
Carriage outwards	3000
Debtion	130,000
Carriage inwards	40,000
Bank	50,000
Stock (Jan 2015)	100,000
Interest on expenses	10,000
General expenses	7,000
Stock (31 st Dec 2015)	120,000
Bank overdraft	6,000
capital	168,000

Required

- Prepare a trading profit and loss account for the year ended 31st Dec 2015 (8mks)
 - Prepare balance sheet as at 31st Dec 2015 (4mks)
- b. Explain any four characteristics of economic resources (8mks)
- 5a. With an aid of a diagram explain the effect of a decrease in supply of a commodity on equilibrium price and quantity (10mks)
- Explain any five essentials of good warehouse (10mks)
- 6a. Explain five principals of insurance (10mks)
- b. The following transaction relate to Bundi wholesalers for the month of July 2012

July

- 1: bought goods on credit from sawa distribution for Ksh 76,200, Nduta Ksh 15,600 and Rita Ksh 40,000
 5: sold goods on credit to kirima retailers Ksh 40,000, Ngina Ksh 25,000 and Herishop Ksh 12,000
 10: Returned good to Nduta Ksh 4,200 and Rita Ksh 10,000
 12: Bought goods on credit from Langat Ksh 24,600
 15: Goods returned by Ngina Ksh 5,000 and Kirima retailer Ksh 3,500
 18: Sold goods on credit to Ngina Ksh 7,000 and Kamene traders Ksh 11,000
 22: Goods returned by kamene traders Ksh 3,000
 25: Bought good on credit from Pendo traders Ksh 23,000 david Ksh 39,000

Required

- Enter the above transitions in their respective books of original entry (journal) (10mks)

KIGUMO**BUSINESS STUDIES PAPER I****565/1****TIME: 2 HOURS**

- State **four** occupations that a person may engage in in the secondary level of production. (4 mks)
- The computer is fast overtaking the typewriter as equipment for producing documents in an office. Outline **four** reasons that may account for this. (4 mks)....
- Highlight **four** circumstances under which payment in cash may be preferred to payment by cheque. (4 mks)
- Give **four** reasons that account for the need for consumer protection. (4 mks)
- Highlight **four** benefits of delocalization of business enterprises in Kenya. (4 mks)
- Indicate the effect of each of the following transctions on assets, liabilities and capital by putting a (+) for increase, a (-) for decrease and (NE) for no effect. (4 mks)

	Transaction	Assets	Liabilities	Capital
i.	Paid outstanding rent expenses sh. 5000 in cash.			
ii.	Withdrew sh. 35,000 from the bank for personal use.			
iii.	Bought furniture worth 70,000 on credit from Kaptei Traders.			
iv.	Converted a personal vehicle valued at ch,200,000 into business asset.			

- State **four** differences between a partnership and sole proprietor form of business. (4 mks)
- List **four** ways in which the government may control inflation. (4 mks)
- Highlight **four** factors that may lead to low level of national income. (4 mks)
- On 1st May 2017 Nyanja owed Ndegwa sh. 50,000. The owing transactions took place during the month.

May 9: Credit sale to Nyanja sh.40,000.

May 20: Nyanja returned goods worth sh. 3,000 to Ndegwa.

May 29: Nyanja paid sh.85,000 by cheque in full settlement of his account.

Prepare Nyanja's account in the books of Ndegwa.

(4 mks)

11. The table below shows the quantity demanded of commodity **X** per month by consumers **P** and **Q**.

Price per unit (shs.)	Quantity demanded by P	Quantity demanded by Q
100	120	200
80	180	250
65	250	350
40	350	500

State **four** reasons why **Q** demands more of commodity **X** at every price than **P**.

(4 mks)

12. Highlight **four** benefits of advertising to a consumer.

(4 mks)

13. Outline **four** measures that can be taken to safeguard the organization's property.

(4 mks)

14. Highlight **four** factors that may limit development of international trade.

(4 mks)

15. Highlight **four** micro-environmental factors that may positively affect the performance of a business.

(4 mks)

16. State **four** circumstances under which a business may prefer to transport goods by air.

(4 mks)

17. Highlight **four** qualities needed for a commodity to function as money.

(4 mks)

18. State **four** circumstances under which capital of a business may change.

(4mks)

19. Outline **four** factors that are likely to cause a deficit in balance of payments.

(4 mks)

20. Highlight **four** reasons why it is necessary to have intermediaries in the distribution chain.

(4 mks)

21. State **four** ways in which consumers would suffer if there were no warehousing facilities.

(4 mks)

22. Highlight **four** reasons that may make planning difficult in developing countries.

(4 mks)

23. J. Chomba had the following assets and liabilities on 1st January 2016.

	Shs.
Motor Vehicles	400,000
Debtors	36,000
Bank	
	16,500
Stock	52,000
Bank Loan	38,500

For the year ended 31st December 2016, the following information was available;

- (i) Additional capital shs.5000.

- (ii) Drawings; cash shs 20,000, stock 15,000.

- (iii) Net loss shs. 68,480.

Calculate capital on 31st December 2016.

(4 mks)

24. Outline **four** challenges that may face a country that is made up of a large proportion of young people.

(4 mks)

25. State **four** reasons that justify the provision of essential services by the state instead of leaving them to the private sector.

(4 mks)

KIGUMO MOCK

FORM 4 BUSINESS STUDIES

PAPER 2

565/2

TIME: 2 ½ HRS

1.

- a) Explain **five** principles of a good tax system.

(10 mks)

- b) With the aid of a diagram, explain the circular flow of income in a two sector economy.

(10 mks)

2.

- a) Explain **five** measures that the government of Kenya can employ to reduce the amount of money in circulation.

(10 mks)

- b) Explain **five** ways through which the government may create an enabling environment.

(10 mks)

3.

- a) Explain **five** benefits that Kamau would get by joining Korocho SACCO.

(10 mks)

- b) Explain **five** reasons why businessmen observe ethical practice.

(10 mks)

4.

- a) Explain **five** factors that one would consider when choosing a method for product promotion.

(10 mks)

- b) On January 2019, Mbogo Traders had shs 40,000 in cash and a bank overdraft of shs16,200. During the month of following transactions took place.

January

3rd: Bought goods in cash worth shs17,500.

4th: Received from Tembo a cheque of shs14,250 after allowing 5% cash discount.

8th: Mando, a debtor settled his account of shs17,000 by a cheque of shs16,500.

10th: Withdrew shs7,200 from the bank for personal use.

14th: Sales amounted to shs22,450 in cash.

18th: Paid Simba traders shs28,500 in cash in full settlement of their account less 5% cash discount.

20th: Withdrew shs4,000 from the bank for business use.

22nd: Kunguru, a debtor, settled her account of shs40,000 by cheque less 1.5% cash discount.

26th: Paid wages shs12,000 in cash.

Received

Prepare a duly balanced three column cashbook.

(10 mks)

a) In the last one year apple supply in Murang'a has been on rise. Explain **five** factors that would have lead to this trend. (10 mks)

b) Explain **five** demerits of free trade.

(10 mks)

5.

a) Explain **five** benefits of using electronic filing system.

(10 mks)

b) The following information relates to Kipruto Enterprises as at 31st December 2017.

Sh

Motor vehicle 146,500

Office equipment's 120,000

Drawings 12,000

Capital 200,000

Stock 68,000

Net profit 82,000

Bank loan 80,000

Debtors 86,000

Cash in hand 6,000

Creditors 50,000

Bank overdraft 26,500

Required

(i) Prepare Kipruto's balance sheet

(6 mks)

(ii) Calculate

a) Working capital

(2 mks)

b) Borrowed capital

(1 mk)

c) Current ratio

(1 mk)

MURANG'A SOUTH SUB-COUNTY

465/1

BUSINESS STUDIES

PAPER 1

FORM 4

2 HOURS

1. Identify the business activity for the following descriptions.

(4 marks)

(a) Involves conversion of raw materials into more useful products

(b) Process of moving goods and services from the producer to the consumer

(c) Involves human acts such as entertaining, acting hairdressing

2. Obtaining of goods from their natural environment State **four** circumstances under which a cheque may be dishonored.

(4 marks)

3. The following information relates to Kyalo's traders as at 31st December 2010.

Details	Shs.
Total drawings	400,000
Added investments	800,000
Capital (31 st December 2010)	7,000,000
Profit	3,100,000

Calculate Kyalo's initial capital.

(4 marks)

4. Name the documents described by the statements given below as used in international trade.

(4 marks)

(a) Requests for payment before goods are delivered

(b) Shows ownership or title of goods imported

(c) Shows the country of manufacture of goods

(d) Shows the transportation charges for goods

5. State **four** characteristics of economic resources.

(4 marks)

6. Highlight **four** disadvantages of long chain of distribution to a buyer.

(4 marks)

7. Outline **four** benefits that would accrue to a businessman who uses liner rather than a tramp steamer.

(4 marks)

8. State **four** services offered by cooperative bank of Kenya to its members.
9. State **four** benefits of SACCOs to its members. (4 marks)
10. The following transactions took place in the business of Lucky Three Co. Ltd. In the first week of January 2010.
- Jan 1 : Balance b/d shs.24,000 cash in hand and shs.14,000 at bank.
- Jan 2: Received a cheque from the sale of goods shs.20,000
- Jan 3: Sold an old motor vehicle, receiving shs.70,000 cash.
- Jan 4: Withdrew from bank shs.3,000 for personal use.
- Jan 5: Transferred all cash to the bank, leaving a balance of shs.2,000 only.
- Enter the above transactions in a two column cash book and balance it. (4 marks)
11. Highlight **four** ways in which an organization's property are safeguarded and controlled. (4 marks)
12. The following information was extracted from the books of Mira Traders.

	Shs
Opening stock	160,000
Closing stock	200,000
Rate of stock turnover	3 times
Mark up	20%

Required

- (i) Gross profit (2 marks)
- (ii) Sales (2 marks)
13. Highlight **four** measures that a government may take to reduce the mortality rate in a country. (4 marks)
14. Highlight **four** risks owners of a supermarket may insure against. (4 marks)
15. Highlight **four** ways in which consumers may protect themselves against exploitation by traders. (4 marks)
16. Outline **four** ways in which the government expenditure may stabilize the economy of a country. (4 marks)
17. Identify the types of wholesalers described in the statements given below. (4 marks)
- (a) A wholesaler who trades in a wide variety of human medicine.
- (b) A wholesaler who trades in beans only
- (c) A wholesaler who buys oranges from farmers in rural areas and sells them to other wholesalers in urban areas
- (d) A wholesaler who supplies goods to western parts of Kenya
18. Highlight the various types of after sale services that can be used for product promotion. (4 marks)
19. Currently there has been a general rise in prices of consumer goods and services in Kenya. Outline four negative effects of this trend. (4 marks)
20. The following ledger accounts appeared in the ledger book of Hodari Ltd. (4 marks)

Dr.	Purchases A/C	Cr.
2/1/05	Creditors 50,000	
10/1/05	Bank 5,000	
Dr.	Bank A/C	Cr.
4/1/05	Capital 45,000	8/1/05 Creditors 10,000
	10/1/05	Purchases 5,000
Dr.	Creditors A/C	Cr.
8/1/05	Bank 10,000	2/1/05 Purchases 50,000

From the above ledger accounts, state the transactions which took place on the following dates. (4 marks)

- (a) 2/1/05
- (b) 4/1/05
- (c) 8/1/05
- (d) 10/1/05
21. Highlight **four** ways in which a warehouse is useful to a manufacturer. (4 marks)
22. Outline four measures the central bank may put in place to reduce the amount of money in circulation. (4 marks)
23. Outline **four** circumstances under which cash with order may be used. (4 marks)
24. State **four** ways through which the government can ensure clean environment. (4 marks)
25. Highlight **four** characteristics of an oligopoly market structure. (4 marks)

MURANG'A SOUTH SUB-COUNTY465/2
BUSINESS STUDIES
PAPER 2
2 HOURS

1.

- (a) Karimi started a canteen two years ago, but failed one year later. Give **five** reasons which could have caused this. (10 mks)
- (b) Explain **five** circumstances under which a country may restrict international trade. (10 mks)
- 2.
- (a) Explain **five** ways of making face to face communication effective. (10 mks)
- (b) Explain **five** uses of national income statistics to a country. (10 mks)
- 3.
- (a) Karanja owns a bakery in Kitale town. Explain **five** ways why he carried out division of labor in the process of baking bread in his factory. (10 mks)
- (b) The following trial balance was extracted from the books of Kisumu Auto Spares as at 31st December 2016.

Kisumu Auto Spares
Trial Balance
As at 31st December 2016

Details	Dr.	Cr.
	Shs.	Shs.
Capital		400,000
Purchases / sales	200,000	600,000
Debtors / creditors	20,000	60,000
Returns	25,000	15,000
Discounts	6,000	8,000
Carriage inwards	6,500	
Carriage outwards	15,000	
Salaries	10,000	
Stock (1.1.16)	18,000	
Motor vehicles	400,000	
Furniture	150,000	
Rent (house)	49,000	
Commission allowed	50,000	
Advertising	43,500	
Commission received		10,000
	1,093,000	1,093,000

Additional Information

Stock on 31st December 2016 Shs. 20,000

Required

Prepare trading and loss account for the year ended 31st December 2016.

(10 mks)

- 4.
- (a) Give **five** differences between a private company and a public corporation. (10 mks)
- (b) Makueni County has located fruit processing factory at Kalamba. Explain **five** factors that were considered in locating the firm. (10 mks)
- 5.
- (a) Explain **five** reasons for which trader observe ethical practice in product promotion. (10 mks)
- (b) The following books of original entry relate to Huruma Traders for the month of April 2017.

Purchases Journal

Date	Details	Amount
2017		Shs.
April 5	Jahazi traders	340,000
16	Samba traders	220,000
30	Total	560,000

Sales Journal

Date	Details	Amount
2017		Shs.
April 2	Harico wholesalers	849,000
8	Njamaa traders	1,250,000
30	Total	2,099,000

Sales Return Journal

Date	Details	Amount
2017		Shs.
April 15	Harico wholesalers	9,500
20	Njamaa traders	25,000

30	Total	34,500
----	-------	--------

Purchases returns journal

Date	Details	Amount
2017		Shs.
April 12	Jahazi traders	5,000
24	Samba traders	1,500
30	Total	6,500

Required

Post the above information to the relevant ledger accounts.

(10 mks)

6.

(a) Explain **five** reasons why the government may find it necessary to impose tax.

(10 mks)

Using a well labeled diagram, illustrate the effects of an increase in supply on equilibrium price and quantity.

**KIENI SUB-COUNTY
BUSINESS STUDIES
PAPER 1
TIME: 2 HOURS
ANSWER ALL QUESTIONS**

1. Identify **three** business activities carried out in Nyeri County. (3Mks)

2. Identify the machine used for the following purpose. (4Marks)

Statement	Machine
a) Destroy unwanted documents	
b) Print postage stamp impressions on envelopes	
c) Printing and recording cash sale receipts	
d) Printing documents together	

3. State a unit of carriage for each of the following modes of transport. (3 marks)

Mode	Unit of carriage
a) Portage	
b) Air	
c) Sea	

4. State **four** disadvantages of advertising through the television. (4 Marks)

5. Highlight **four** factors that may contribute to higher levels of national income in a county. (4 Marks)

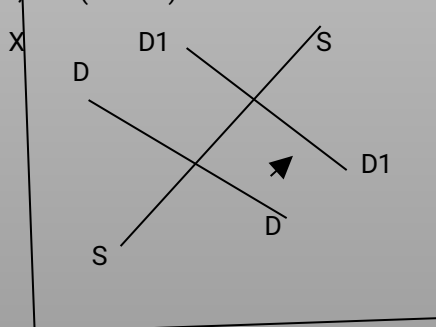
6. State **four** functions of the central bank. (4Marks)

7. State **three** methods used to restrict trade between countries (3 Marks)

8. Mary completed form four last year and decided to start a simple shop. Give **four** advantages Mary gets from her business. (4 marks)

9. Outline **four** barriers to effective communication. (4Marks)

10. The diagram below shows the demand for a commodity A over a given period of time. Give **four** causes for change of demand curve from DD to D1. (4 Marks)



11. Classify the following economic resources. (4 marks)

Resource	Classification
a) Oil	
b) Ship captain	
c) Hydroelectric power plant	
d) Standard gauge railway	

12. Match the following types of unemployment with the correct statement: residual, frictional, structural, open, disguised. (4 Marks)

Statement	Type of unemployment
(a) Withdrawal of worker does not affect output	
(b) Arises out of physical challenges/disabilities	

(c) Ignorance of existence of a job opportunity	
(d) People choose not to work despite availability of jobs	

13. Identify **four** sources of finance for a government. (4 Marks)
14. Name **four** essentials of a warehouse. (4 Marks)
15. Highlight **four** advantages of division of labour and specialisation. (4 Marks)
16. Outline **four** principles of a co-operative society. (4 Marks)
- 17.
18. The following assets and liabilities belong to Chaka trader on 1st March 2016.

Capital 120,000

Machinery 80,000

Creditors 10,000

Debtors 20,000

Stock 25,000

Bank 5,000

On 2nd March the following transactions took place

(i) Purchase goods worth ksh. 15,000 on credit

(ii) Received a cheque of ksh. 10,000 from a debtor

Required:

Prepare a balance sheet as at 2nd March 2016 after the transactions took place. (7 Marks)

18. State **four** negative effects on inflation on the economy. (4 Marks)

19. Identify **four** factors that may attract firms to an area. (4 Marks)

20. Highlight **four** circumstances under which an insurance company may re-insure itself. (4 Marks)

21. State **four** features of an oligopoly market. (4 Marks)

22. Identify **four** factors that determine amount of money held by an individual for transaction motive. (4 Marks)

23. Mention **four** goals for economic development. (4 Marks)

24. State **four** reasons why the government find it necessary to protect consumers from traders. (4 Marks)

25. State **four** factors that influence entrepreneurship practices in Kenya. (4 Marks)

KIENI SUB-COUNTY

BUSINESS STUDIES

PAPER 2

TIME: 2 ½ HOURS

Answer five questions

1. (a) Explain **five** functions of the Central Bank of Kenya. (10 Marks)
- (b) Using a well labelled diagram explain the circular flow of income in a two sector economy. (10 Marks)
2. (a) Explain **four** disadvantages of pipeline transport. (8 Marks)
- b) The following trial balance was extracted from the books of Mwananchi limited as at 31st December 2010.

Mwananchi limited

Trial balance

As at 31st December 2010

Account	Dr	Cr
purchases	140,000	
advertising	8,000	
Stock 1/1/2010	25,000	
sales		190,000
Fixed assets	164,000	
creditors		22,200
debtors	21,000	
salaries	28,000	
Bank overdraft		20,200

Return outwards		4,800
Cash in hand	5,000	
Rent expenses	20,800	
Return inwards	3,000	
capital		177,600
	414,800	414,800

Prepare:(a) Trading, profit and loss account for the period ended 31st Dec 2010.

(7 Marks)

(b) Balance sheet as at 31st Dec 2010

(5 Marks)

3(a) The following transaction took place at Mwanzo wholesalers during the month of May 2019

May 1: Balance cash ksh. 2,900, bank ksh. 65,400.

May 2: Mwangi paid his account of ksh. 12,000 by cheque less 2.5 % cash discount.

May 3: Apid Mukori investment sh. 10,000 by cheque less 5 % cash discount.

May 8: Withdrew ksh. 10,000 cash from bank for business use.

May 11: Kamau settled his account of ksh. 27,300 by cheque having deducted 2.5 % cash discount.

May 15: Paid wage ksh. 9,000 cash.

May 20: Chege paid his account ksh. 4,000 in cash deducting 2.5 % cash discount.

May 25: Bought furniture's and fittings and paid by cheque ksh 25,000.

May 28: Cash sale ksh.25,000.

May 29: Deposited ksh. 25,000 from the cash till into the business bank a/c.

May 30: Paid Wagura ksh. 6,000 sh in cash less cash discount of 5 %.

May 31: Paid Kairu ksh. 41,800 by cheque having deducted 5% cash discount.

Prepare a **Three** column cash book dully balanced.(b) Explain **five** circumstances that may make a bank reject a cheque.

(10 Marks)

4. (a) Outline **five** differences between direct production and indirect production.

(10 Marks)

(b) Explain **five** ways through which insurance firms contribute to economic development of a country. (10 Marks)5. (a) Explain **five** benefits of a high population to a country.

(10 Marks)

(b) Outline **five** differences between a sole proprietorship and a public limited company.

(10 Marks)

6.(a) Explain **five** benefits to a business that has a good business plan.

(10 Marks)

(b) Explain **five** factors that may lead to a balance of payment disequilibrium.

(10 Marks)

KAHURO /MUGOIRI ZONE**FORM FOUR BUSINESS****PAPER 1**

1. State the term given to each of the following discipline.

(4mks)

a) Study of how man strives to satisfy his unlimited wanted using limited resources.

b) Study of trade and aids to trade.

c) Study of activities that are carried out in an office.

d) Study of the process of identifying business opportunity and acquiring resources necessary to start and run a business.

2. State the books of original entry into which each of the following transaction would be entered, stating the source documents used in each case.

(4mks)

TRANSACTION	SOURCE DOCUMENT	BOOKS OF ORIGINAL ENTRY
a) Where goods are sold on credit		
b) Where goods are sold on cash		
c) Where goods sold on credit are returned		
d) When we return goods previously bought on credit to supplier.		

3. Outline four reasons why an increase in per capital income may not necessarily lead to a rise in the standards of living of the citizens.

(4mks)

4. Highlight four ways in which running public corporation may be improved.

(4mks)

5. Highlight four main functions of non-bank financial institutions.

(4mks)

6. Mention four benefits accrued to the Kenyan Economy as a result of introduction of the Standard Gauge Railway. (S.G.R.)

7. Outline four features of indirect production.

(4mks)

8. Complete the following table by indicating the account to be debited and the one to be credited.

Transaction	A/c to be debited	A/c to be credited
a) Started a business by depositing cash into the business bank account.		
b) Purchase of goods on credit		

- c) Sold goods on credit
d) Bought a new motor vehicle by cheque

9. Give four ways in which government may participate in the operation of the state corporation. (4mks)
10. Highlight four ways of using Electronic filing system. (4mks)
11. The following information related to Karibu traders of the year ended 31st December

Details	shs
Fixed assets	1,840,000
Current assets	400,000
6yr bank loan	600,000
Current liabilities	150,000

Using a properly drawn balance sheet determine the owner's capital. (4mks)

12. Kassim Retailers sells goods at a markup of 20%. Stock on January 1st, 2015 was Ksh 40,000 and on 31st Dec. 2015 stock was worth Ksh 600,000. The rate of stock turnover was 5 times.
Required; prepare Kassim Retailers Trading Account for the year ended 31st Dec 2015.
13. Highlight three reasons why people keep money instead of other assets. (3mks)
14. State four features of a perfectly competitive market. (4mks)
15. Highrise Enterprises acquired a building valued at shs. 1,000,000 on 3rd February 2010. The building was insured with two insurance companies, Madison and APA for shs. 600,000 and shs. 400,000 respectively. In July 2010, fire damaged the building, causing Highrise Enterprise to suffer a loss of 20% of the building value. Determine the contribution made by Madison and APA to cover the loss.
16. State one circumstance under which each of the following source documents may be issued by the trader. (4mks)
a) Invoice
b) Debit note
c) Quotation
d) Credit note.
17. Highlight four measures that the government may take to reduce the mortality rate in a country. (4mks)
18. Outline four characteristics of basic human wants. (4mks)
19. Juma operates an electronic business in Thika town. Outline four methods he may use to determine prices for his goods other than the forces of demand and supply. (4mks)
20. Mention possible consequences that may arise due to poor arrangement of goods in a warehouse. (4mks)
21. Highlight four factors that must be considered before incurring public expenditure. (4mks)
22. A firm wishes to introduce a new product into the market outline four factors that should be considered in choosing an appropriate medium for promotion. (4mks)
23. The following cash transaction took place in the business of Fatuma during the first week of January 2010
- January
1. Balances brought down cash sh 12,000 Bank sh35,000
 2. Sold furniture for cash shs. 8,000
 3. Cash sales sh, 10,000 paid directly to the bank
 4. Fatuma took cash sh. 1,500 for personal use.
 5. Bought goods worth sh. 15,000 paying partly by cheques sh. 10,000 and the Balances in cash.
- Prepare a two- column cash book (4mks)

DR		TWO – COLUMN CASH BOOK				CR	
Date	Details	Cash	Bank	Date	Details	Cash	bank

24. Give four reasons why one would prefer a letter to a phone to send a message. (4mks)
25. Outline four disadvantages that a manufacturer would suffer if wholesalers are eliminated from the chain of distribution. (4mks)

KAHURO /MUGOIRI JOINT EXAMINATION
BUSINESS STUDIES
PAPER II
565/2

1. a) Explain the benefits that a developing country may derive from preparing a proper development plan (10mks)
b) Explain five factors that encourages entrepreneurship in Kenya today. (10mks)
2. a) Use the following balances from Kenbrick company to prepare Journal entries on 1st January 2016.
Shs.

Motor vehicle	230,000
Machinery	40,000
Creditors	10,000
Debtors	5000
Cash in hand	20,000
Stock	10,000
Insurance prepaid	5,000
Bank	25,000
Capital	660,000
Premises	33,500

- b) Explain five ways through which inflation may be controlled other than using monetary or fiscal policies. (10mks)
3. a) Explain five factors to consider when determining the goods and services to produce in the market. (10mks)
- b) Describe five business malpractices that consumers need to be protected against by the government. (10mks)
4. a) Peter who runs a retail store had the following assets and liabilities as at 31st March 2017

	Shs
Premises	100,000
Debtors	4,000
Creditors	16,000
Stock	2000
Bank	60,000
Cash in hand	20,000
Loan from AFC	50,000
Capital	120,000

During the month of April, the following transactions took place

- April 1 – Sold goods at a cost of shs 2000 in cash
 2 – Paid creditors shs 8000 in cash.
 10 – Received shs 2000 from debtors in cash
 15 – Bought a motor van for shs 35,000 paying by cheque
 25 – Purchased goods worth shs 15000 and paid by cheque

Required:

Prepare a balance sheet as at 25th April 2017

- b) Describe five external factors that may negatively affects the operations of the business. (10mks)
5. a) Omondi operates a retail business in his home village. Explain five methods he may use to determine prices for his goods other than the forces of demand and supply. (10mks)
- b) Explain the benefits of the pooling of risks to an insurance company. (10mks)
6. a) Describe five reasons for the increased use of cell phones in banking. (10mks)
- b) The following balance sheet was prepared by the Accounts Clerk of Upenzi Traders.

Upenzi traders

Balance sheet as at 31 December

	Shs		Shs
Land and buildings	770,000	Capital	900,000
Motor vehicles	600,000	Add net profit	28200
Furniture	100,000		1,182,000
Stock of goods	90,00	1 CDC Loan	400,000
Stock of stationery	12,000	Creditors	47,000
Debtors	58,000	Salaries owing	13,000
Cash in hand	160,000	Bank	8000
Insurance advance	4,000	-	1,650,000
	1,650,000		

Determine the following

- a) Working capital (2mks)
- b) Return on capital (2mks)
- c) Current ratio (2mks)
- d) Capital employed (2mks)
- e) Borrowed capital (2mks)

MURARANDIA / KAHURO JOINT EXAMINATION

565/1

Business studies

Paper 1

Trial exam

2 hours

1. Highlight four characteristics of economic resources. (4 mks)
2. Mention four factors of production and their rewards
3. State the office machine described by the following statements. (4 mks)

Use**Machine**

- (a) A machine that is used for preparing cash receipts
 - (b) A machine used for trimming document into required shape and size
 - (c) A machine which is used for cutting unwanted documents into required shape and size
 - (d) A machine used for cutting unwanted documents into tiny pieces to avoid such documents getting into unwanted hands.
4. Pamela sold 40 bags of beans at sh. 3,000 each to a retailer. The retailer was allowed a trade discount of 10% and a cash discount of 2% if payment was made before 21 days. Calculate the amount the retailer paid if he settled his debt on the 5th day? (4 mks)
 5. State four reasons for privatizing public corporations. (4 mks)
 6. Highlight four policies that a business person may find useful for his/her business. (4 mks)
 7. State four factors that may influence appropriate means of transport. (4 mks)
 8. The following information relates to Kiboko Traders as at 31st December 2010.

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

Calculate Kiboko's initial capital

(3 mks)

9. Highlight four uses of National Income statistics. (4 mks)
10. The diagram below shows shift in supply curve from S₀ to S₁. Outline four factors that could have caused the shift shown below. (4 mks)
11. According to recent findings, unemployment is major problem facing the youth in Kenya. State four measures that the Kenyan government should take to solve the problem. (4 mks)
12. For each of the following transaction of Kinyua traders, identify the source document and the journal in which the information is recorded. (4 mks)

	Transaction	Source document	Journal
(a)	He bought goods worth ksh.40,000 on credit from jitahidi		
(b)	Kinyua returned some goods in jitahidi traders worth ksh. 2000		
(c)	Peter a customer bought goods worth ksh.5,000 on credit		
(d)	Peter returned goods worth Ksh. 1000 to Kinyua traders		

13. The following information was extracted from the books of Mangi Traders on 30th June 2009.

Item	Shs
Purchases	720,000
Opening stock	165,000
Closing stock	?
Sales	980,000

Margin 20%

Prepare the trading account of Maingi Traders for the year ended 30th June 2009.

(5 mks)

14. Outline four ways in which a firm may be affected negatively by inflation. (4 mks)
15. State four characteristics of under developed countries. (4 mks)
16. Name the documents described by the statements given below as used in International Trade. (4 mks)
 - (a) Requests for payment before goods are delivered.
 - (b) Shows ownership or title of goods imported.
 - (c) Shows the country of manufacture of goods
 - (d) Shows the transportation charges for goods.
17. Highlight four functions of money. (4 mks)
18. Outline four circumstances under which personal selling is appropriate. (4 mks)
19. Given below are transactions of Khan Enterprises. Enter them into the appropriate "T" accounts. (Balancing not required.) 20 – 9

August 1: Started business with cash at bank sh.50,000

" 3: Paid salaries sh. 2,000 by cheque

" 5: Bought goods on credit sh. 13,000

" 8: Withdrew sh. 5,000 from bank for office use.

(4 mks)

20. Highlight four factors that may promote entrepreneurship in Kenya. (4 mks)
21. Outline four features of a bonded warehouse. (4 mks)
22. Outline four benefits that may accrue to a firm as a result of increase in its scale of production. (4 mks)
23. Give four examples of direct taxes. (4 mks)
24. State four reasons why the government licenses business activities.
25. Highlight four essential elements of communication. (4 mks)

MURARANDIA / KAHURO JOINT EXAMINATION**565/2****BUSINESS STUDIES****PAPER 2**

1. (a) Explain five factors that influence the demand of a product. (10 mk)
(b) Explain five ways in which external environment can negatively affect a business. (10 mks)
2. (a) Explain five roles played by intermediaries in the distribution channel. (10 mks)
(b) Explain five postal services that facilitate communication. (10 mks)
3. (a) Explain five features of a perfectly competitive market structure. (10 mks)
(b) On 1st October 2010, XYZ traders had sh.110,000 cash in hand and sh. 500,000 at bank. During the month, the following transactions took place;
2010
Oct 2: Cash sales directly banked sh. 70520
Oct 3: bought stationery in cash sh. 9,000
Oct 4: bought stock sh. 40,000 and the payment was made next month in cash.
Oct 5: paid Josh, a creditor sh.188,000 by cheque in full settlement of his account after deducting 6% CASH DISCOUNT.
Oct 10: Received a cheque for sh. 117,600 from Esther after allowing her a cash discount of sh.2400.
Oct 12: Sold goods worth sh.10,000 to Eric on credit.
Oct 16: Paid salaries sh.62,000 in cash.
Oct 20: Withdrew sh.100,000 from bank for business use.
Oct 24: Arnold a debtor paid his account of sh.150,000 by cheque less 10% cash discount.
Oct 28: the owner took some stock worth sh.5,000 home for family use.
Oct 30: Deposited all the cash into the bank except sh. 27,400.

Required:

Prepare a three column cashbook and balance it off.

4. (a) Describe the procedure followed when claiming compensation from an insurance company. (10 mks)
(b) Explain five benefits that Kenya may get as a member of COMESA. (10 mks)
5. (a) Describe five accounting documents that are used in home trade. 10 mks
(b) Explain five ways in which the central bank controls money supply. (10 mks)
6. (a) Highlight five differences between a partnership and a public limited company. (10 mks)
(b) The following information was extracted from Sansura Ltd. In the year 2013.
March 1: Credits purchases from Obwocha; sh 1200 Agwete sh 3000. Nyamamba 2500
" 5: Credit sales to Okeplo sh 2000
" Micheka sh 4,300, Omwega sh 3,300
" 10 Credit purchases from Onyancha sh 2700 Obwocha 6600, Obaki 2200
" 20 Returned goods to Obwocha sh 250, Onyancha 700
" 26 Credit sales to Bundi 850, Tendu 630 and Okello 900
" 30 Goods returned by budni 150 and Micheke 130.

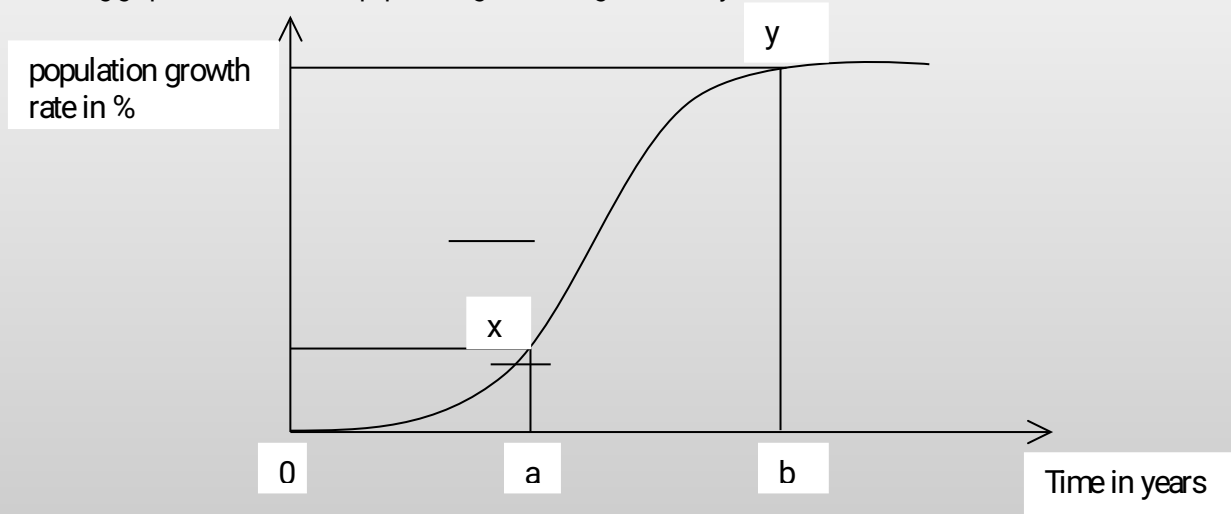
Required: Enter the above translation in relevant journals

(10 mks)

**WEITHAGA / KAHURO
FORM FOUR END OF TERM TWO****565 / 1****BUSINESS STUDIES****PAPER ONE**Instructions Answer **all** questions in the space provided.

1. State **four** factors that may lead to the success of a business. (4 marks)
2. State **four** benefits of locating a firm near the source of raw materials (4 marks)
3. Outline **four** benefits that accrue to the government as a result of privatization of a public enterprise. (4 marks)
4. Highlight **four** guidelines that the government of a country should adopt to promote efficient use of her resources. (4 marks)
5. State **four** consequences of poor management of goods in a warehouse. (4 marks)
6. Outline **four** measures that the government may take to control the activities of monopolies. (4 marks)
7. Outline **one** circumstance under which each of the following source documents may be issued by a trader. (4 marks)
 - i) Debit note
 - ii) Invoice
 - iii) Credit note
 - iv) Quotation
8. Name the documents described by the statements given below as used in international trade. (3 marks)
 - a) Request for payment before goods are delivered
 - b) Shows ownership / title of goods imported

- c) Shows the transportation charges for goods
9. Give **three** business related benefits that a trader may derive from being a user of social media (facebook, whatsapp, instagram, twitter etc) (3 marks)
10. The following graph shows the rate of population growth of a given country.



State four factors that may have contributed to the trend between **x** and **y**.

(4 marks)

11. Outline **four** features of money that enables it to facilitate the exchange of goods and services.

(4 marks)

12. State the office equipment used to perform the following tasks

(4 marks)

- Cutting unwanted documents into small pieces
- Puts holes into documents to aid in filing
- Printing addresses on the envelopes
- Cutting documents into required shapes and sizes

13. State four benefits that a producer may get by transporting produce to the market by road.

(4 marks)

14. The following information was extracted from the books of Mureithi traders on 30th June 2017.

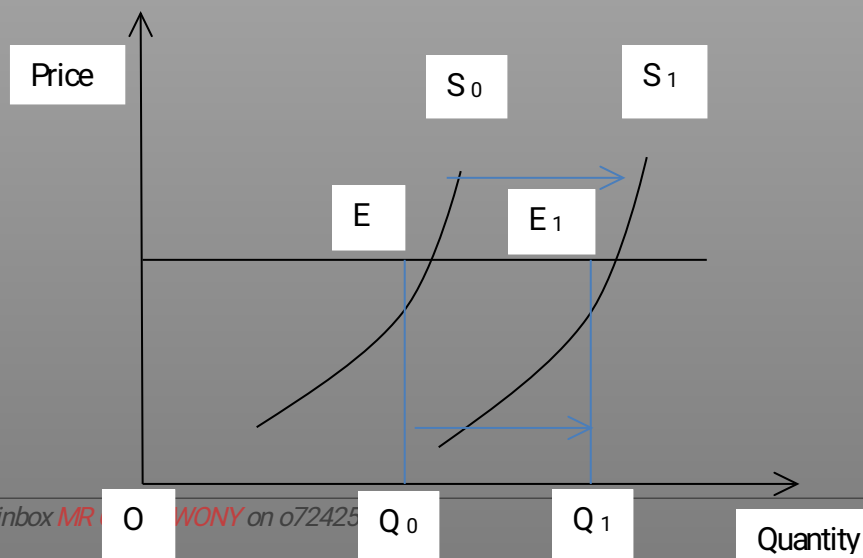
Item	kshs
Purchases	720,000
Opening stock	165,000
Closing stock	?
Sales	980,600
Margin	20 %

Required :

Prepare the trading account of Mureithi traders for the year ended 30th June 2017.

(5 marks)

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



- Outline four factors that may have caused the shift in supply curve from S_0 to S_1 (4 marks)
16. Highlight the procedure followed when taking an insurance policy (6 marks)
17. Outline the source document for each of the following subsidiary books (4 marks)
- | Subsidiary book | Source document |
|-----------------------------|-----------------|
| i) Sales journal | |
| ii) Return inwards journal | |
| iii) Purchases journal | |
| iv) Return outwards journal | |
18. Highlight **four** ways in which the utility / usefulness of a product can be increased. (4 marks)
19. Mention **four** ways in which the Kenyan government is creating an enabling environment to attract investments. (4 marks)
20. The following balances were extracted from the books of Julia traders on 31st December 2017.
- | | |
|----------------|---------|
| Fixed assets | 300,000 |
| Current assets | 123,700 |
| Creditors | 84,500 |
| 5 year loan | 125,000 |
- Determine the networth of the business as at 31st December 2017. (3 marks)
21. State **four** factors that may cause inflation in an economy. (4 marks)
22. Highlight **four** characteristics of economic resources. (4 marks)
23. A firm wishes to introduce a new product into the market. Outline **four** factors that should be considered in choosing an appropriate medium for promotion. (4 marks)
24. State **four** factors that can influence the choice of a distribution channel of a particular product. (4 marks)
25. Highlight four factors that may hinder economic development in Kenya. (4 marks)

WEITHAGA / KAHURO FORM FOUR END OF TERM TWO

565 / 2

BUSINESS STUDIES

PAPER 2

Instructions: Answer any **FIVE** questions in the space provided.

- Discuss **five** ways in which an entrepreneur contributes to the production of goods. (10 marks)
 - Using a well labeled diagram, explain the circular flow of income in a two sector economy. (10 marks)
- Outline **five** differences between private limited company and public corporations. (10 marks)
 - Explain **five** sources of government revenue used to finance development expenditure. (10 marks)
- Explain **five** advantages that an organization may get by operating an open office layout. (10 marks)
 - The following transactions took place in Musa Traders in the month of June 2016.
 - June 4: Sold goods on credit to Boinett shs 12,000 and Wendy shs 15,000
 - June 7: Bought goods on credit from Mwaurashs 30,000
 - June 9: Wendy returned goods worth shs 2,000
 - June 12: Purchased goods on credit from John shs 20,000 and Jane shs 25,000
 - June 15: Goods worth shs 5,000 were returned to Mwaura and goods worth shs 2,500 were returned to Jane.
 - June 20: Goods sold on credit to Joyce shs 7,000 and to Mariam shs 10,000.
 Required: Prepare the relevant journals. (10 marks)
- Coca-cola company limited is using prize winning competition to promote its branded sodas (soft drinks). The prizes are only won when one buys the product. Explain **five** benefits the company may get by using this method of product promotion. (10 marks)
 - Some parts of Kenya have been experiencing low population growth rate recently. Explain **five** positive effects of having the low population growth rate. (10 marks)
- With the aid of a well labeled diagram, explain the effect of an increase in the supply of a commodity while its demand remains constant. (10 marks)
 - Gatanga enterprises had the following balances as at 30th June 2015.

Capital	20,000
Sales	240,000

Purchases	90,000
Stock (30/06/2016)	70,000
7 years bank loan	30,000
Insurance expenses	25,000
General expenses	12,000
Debtors	25,000
Creditors	75,000
Cash at bank	20,000
Cash in hand	10,000
Premises	95,000

Additional information:

The stock on (01/07/2015) was shs 160,000.

Calculate:

- i) Mark -up (2 marks)
- ii) Rate of stock turnover (2 marks)
- iii) Return on capital employed (4 marks)
- iv) Current ratio (2 marks)
6. (a) Discuss **five** factors that have hindered the expansion of railway transport in Kenya. (10 marks)
- (b) Over the years, Southern Star have grown into a large business enterprise. Explain **five** diseconomies of scale associated with this growth. (10 marks)

LUGARI SUB COUNTY INTERNAL ASSESMENT EXAM-2019

Kenya Certificate of Secondary Education (K.C.S.E)

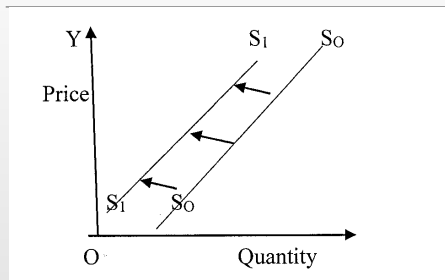
565/1

BUSINESS STUDIES Paper 1

1. Highlight four external factors that may negatively influence the operational of a business. 4mks
2. State four reasons why consumers have to make a choice between competing needs. 4mks
3. The following figures were obtained from the records of Buka Enterprises for the year ended 30th June 2014
Sales 500,000
Cost of sales 280,000
Calculate the gross margin. 4mks
4. State four ways in which the nature of goods would influence the choice of transport. 4mks
5. Highlight four problems encountered at the implementation level of development planning. 4mks
6. Highlight four incentives adopted by the government to encourage delocalization of industries. 4mks
7. State four ways of improving services delivery in parastatals and corporations. 4mks
8. State four factors that may influence a firm's decision in the type of goods or services to produce. 4mks
9. State four insurance policies that the owner of a supermarket may find useful for the business. 4mks
10. State four problems of using output approach in measuring national income. 4mks
11. State four negative effects of inflation in an economy. 4mks
12. Highlight four advantages of transacting business through e-commerce. 4mks
13. State four circumstances under which oral communication is used. 4mks
14. From the transactions below state the accounts to be debited and to be credited. 4mks

Transaction	Debit	Credit
i. Began a business with 10,000 in bank		
ii. Bought equipment in cash for sh.5000		
iii. Transferred sh.60,000 from bank to cash till		
iv. Took sh.30.000 to pay school fees for his son		

15. Outline four functions of microfinance institutions in Kenya. 4mks
16. Outline four reasons why some less developed countries are reluctant to join free trade agreement. 4mks
17. Study the diagram below and answer the question that follow.



State four factors that may cause the above change from S_0S_0 to S_1S_1 .

4mks

18. Identify the accounts in which the following transactions would be recorded in the ledger.

4mk

Description	Account
i. Goods bought for resale	
ii. Goods sold to customer	
iii. Goods sold to customer and returned to business	
iv. Goods bought from suppliers and later returned	

19. Indicate in the spaces provided the relevant source document for each of the listed books of original entry. 4mks

Books of original entry	Source document
i. Purchases returns book	
ii. Cash book	
iii. Sales day book	
iv. Sales returns book	

20. State four circumstances under which personal selling is appropriate.

4mks

21. State four tools that the central bank can use to control credit.

4mks

22. Outline four circumstances that would make an office manager to replace an existing machine with a modern one.

4mks

23. State four disadvantages of a monopoly market.

4mks

24. State four implications of a large youthful population to an economy like that of Kenya.

4mks

25. The following data was extracted from the books of Nyandarua traders on 31/12/2015. Use it to prepare her trial balance as at that date.

4mks

Capital	80,000
Sales	40,000
Land	60,000
Debtors	30,000
Returns inwards	20,000
Discount allowed	10,000

LUGARI SUB COUNTY ASSESMENT EXAM-2019

Kenya Certificate of Secondary Education (K.C.S.E)

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2 ½ HOURS

- Explain five macro environment that may influence the operations of a business positively. 10mks
 - Describe five features of economic resources. 10mks
- Explain five benefits that may be realized by a country as a result of government policy to relocate industries in rural areas. 10mks
 - The following balances were extracted from the books of Soilo Traders on 31st December 2016.

Machinery	360,000
Furniture	430,000
Sales	500,000
Opening stock	75,000
Closing stock	
Purchases	395,000
Rent income	72,000
General expenses	60,000

Debtors	62,250
Creditors	101,550
Bank	202,000
Cash	88,800
Capital	1,000,000

Additional; information;

Gross profit margin is stated at 40%

PREPARE

- (i) Trading, profit and loss Account for the year ended 31st December 2016. (5½mks)
- (ii) Balance sheet as at 31st December 2016. (4 ½mks)
3. a) Over the year's southern star has grown into a large business enterprise. Explain five diseconomies of scale which it may experience. 10mks
- b) Explain five demerits that may be associated with water transport. 10mks
4. a) Explain five causes of unfavorable balance of payments for most developing countries. 10mks
- b) Explain five factors considered in the choice of a means of transport. 10mks
5. a) Explain five negative effects of inflation on the economy of a country. 10mks
- b) Discuss five factors that may promote entrepreneurship in Kenya. 10mks
6. a) Explain five benefits that may accrue to a customer who uses automated teller machine (ATM5). 10mks
- b) Enter each of the following transactions in the relevant ledger accounts.
- i. Started business in June 15 2014 with ksh. 500,000 in bank
- ii. Bought a motor vehicle in June 16th 2014 for ksh. 250,000, payment made by cheque
- iii. Withdraw ksh. 50,000 in June 20th 2014 from the business bank a/c to be used in the office
- iv. June 24th 2014 paid salaries ksh. 18,000 cash
- v. June 29th bought stock for cash ksh. 2,500
- vi. Deposited ksh. 100,000 into the bank

WESTERN CLUSTER EXAMINATION 2019

Kenya Certificate of Secondary Education (KCSE)

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

1. Highlight **four** features of an underdeveloped country. (4mks)
2. State **four** reasons for the popularity of mobile phones as a means of communication. (4mks)
3. State **four** circumstances under which a credit note may be used in home trade. (4mks)
4. The following information relates to Eliza's Bakers for the year ended 31.12.2016.

Sales	400,000
Purchases	350,000
Opening stock	12,500
Returns inwards	10,000
Carriage inwards	5,000
Closing stock	100,000

 Prepare a trading account for Eliza's Bakers for the year ended 31.12.2016. (4mks)
5. Outline **four** principles of government expenditure. (4mks)
6. State **four** causes of reduced supply of goods in the market. (4mks)
7. For each of the following transactions, indicate the book of original entry in which the following transactions would be recorded.

Transaction	Book of original entry
a) Bought goods on credit for sale.	
b) Sold an old motor vehicle on credit	
c) Withdrew cash for personal use from the bank.	
d) Returned goods bought on credit.	
8. Outline **four** advantages of mobile banking. (4mks)
9. State **four** contents of a Memorandum of Association. (4mks)
10. Why would a trader choose to bypass the wholesale and retail in distributing his goods? (4mks)
11. State **four** disadvantages of an enclosed office layout. (4mks)
12. For each of the following transactions, indicate the account to be debited and the account to be credited. (4mks)

Transaction	Account to be debited	Account to be credited
i. Bought motor vehicle on credit from Adams		

ii. Allowed a discount to Keith a debtor.

13. State **four** factors considered by an insurance company in determining amount of premiums charged in life insurance (4mks)
14. Highlight **four** causes of inflation in Kenya. (4mks)
15. Outline **four** ways in which the government can create an enabling environment for entrepreneurs. (4mks)
16. Identify the wrongly posted entries in the cash book below.

TWO COLUMN CASH BOOK

Date	Details	Folio	Cash	Bank	Date	Details	Folio	Cash	Bank
20.05.18	Purchases			50,000	03.05.18	Ribbons		12,000	
21.05.18	Sales	G.L.	65,000		15.05.18	Phyllis [debtor]			30,000
25.05.18	Wages	G.L.		25,000	20.05.18	General expenses		13,000	
28.05.18	Bank			10,500		Bal. c/d		40,000	55,500
			65,000	85,500				65,000	85,000

17. State **four** factors that will motivate an entrepreneur to venture into a particular business. (4mks)
18. Outline **four** benefits of the standard Gauge Railway to a trader. (4mks)
19. Highlight **four** features of economic resources. (4mks)
20. Outline **four** problems encountered in measuring National income using the output approach. (4mks)
21. Highlight **four** measures the Kenya government can take to curb the problem of unemployment in the country. (4mks)
22. Use the table below to compute the Consumer Price Index (C.P.I) (4mks)

Commodity	Base year price (PO) 2017	Current year price (PI) 2019	C.P.I.
Bread	45	52	
Milk (500ml)	45	60	
Sugar	100	120	
Salt	10	15	

23. State **four** ways that can be used by the government to correct the balance of payment deficit. (4mks)

24. State the factors of production corresponding to the following rewards. (4mks)

Factor	Reward
i.	Royalty
ii.	Wages
iii.	Interest
iv.	Loss

25. Find the missing values in the table below. (4mks)

Asset	Liabilities	Capital
a) 500,000	_____x_____	200,000
b) 325,000		
c) _____	50,000	_____w_____
_____y_____	33,000	47,000
d) 236,000	48,000	_____z_____

WESTERN CLUSTER EXAMINATION - 2019

Kenya Certificate of Secondary Education (KCSE)

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

1. (a) Explain **five** characteristics of goods. (10mks)
- (b) Describe a two – sector circulation flow of income in an economy. (10mks)
2. (a) Using a diagram, explain the effects of a decrease in the supply of a commodity while its demand remains constant. (10mks)
- (b) The following balances were available from the books of Salwa Traders during the accounting period ended 31st December 2016. (10mks)

	Ksh.
Purchase for the year	400,000
Carriage inwards	50,000
Capital	1,000,000
Sales	800,000
Total expenses	195,000
Stock on 1 st January 2016	40,000
Returns outwards	30,000
Stock on 31 st December 2016	100,000
Total creditors	35,000
Debtors	30,000
Returns inwards	45,000

Required, calculate;

- a) Cost of goods sold (2mks)
- b) Gross profit (2mks)
- c) Margin percentage (2mks)
- d) Rate of stock turnover (2mks)
- e) Rate of return on capital (2mks)
3. (a) Explain **four** differences between a postal order and money order. (8mks)
- (b) Record the following transactions of Makokha traders in the relevant books of original entry in the year 2014. (12mks)

2014:

- Jan. 1st** Credit sales to: Kipromoi Ksh. 26,000, Abdalla Ksh. 20,000.
- Jan. 3rd** Credit purchases from Nduta Ksh. 12,000, Musa Ksh. 28,000 and Kinyua Ksh. 40,000.
- Jan. 7th** Returned goods to the following suppliers: Musa Ksh. 4,000 and Kinyua Ksh. 5,000
- Jan. 14th** Credit sales to Wawire Ksh. 9,000 and Kalulu Ksh. 34,000.
- Jan. 18th** Sold an old business vehicle to Automobile Company on credit for Ksh. 300,000.
- Jan. 22nd** Credit purchases from Ole Masai Ksh. 32,000, Kimani Ksh. 17,000.
- Jan. 26th** Purchased a copy printer worth Ksh. 250,000 on credit from copycat company.

4. (a) In the recent past Kenya has been experiencing increased cases of dumping ranging from importation of poisonous sugar, gambling machines among others. Explain **five** legislative measures which the Kenyan government has put in place to protect consumers. (10mks)
- (b) Discuss **five** disadvantages that will accrue to Kenya as a country when it adopts import restrictions policy. (10mks)
5. (a) Outline **five** factors that determine the decision on what goods and services a firm will produce. (10mks)
- (b) Kenya has lost a lot of lives through road carnage for many years. Explain **five** measures the government should take to reduce further

loss of lives.

(10mks)

6.

- (a) Explain **five** methods used by the central bank to reduce the lending activities of the commercial banks in the country. (10mks)
- (b) Around mid-June every year the ministers of finance in East African countries read National budget in their respective parliaments. Explain some of the problems they may encounter in implementation of their proposed budgets. (10mks)

KAKAMEGA NORTH SUBCOUNTY JOINT EXAMINATIONS**KCSE Trial Exam****565/1****BUSINESS STUDIES****PAPER 1****Answer all questions in the spaces provided.**

1. Highlight **four** components that constitute unhealthy business environment (4mks)
2. Identify any **four** provisions attained by the documents that governs the internal operations of a company (4mks)
3. Mention the type of marine losses that relate to the following classification (4mks)
 - a) Total loss
 - b) Partial loss
4. The following are types of unemployment. Structural, Frictional, Cyclical and Hidden unemployment. In the table below match the statement with the appropriate type of unemployment. (4mks)

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

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

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

 Determine Amani traders profit or loss for the year as is appropriate
6. Briefly outline **four** ways in which the government of Kenya supports development of entrepreneurs (4mks)
7. Managers of Biashara Bora Enterprises have a tendency of providing inadequate information to their employees. State **four** negative effects of this behaviour to their organization (4mks)
8. Outline **four** reasons why firms with popular products find it necessary to continually advertise the same products
9. Outline **four** circumstances under which manufacturers may sell directly to retailers (4mks)
10. Identify **four** factors that determine the level incomes generated through taxation. (4mks)
11. Identify **four** merits of import substitution (4mks)
12. State **four** factors that determine the period for which documents should be stored (4mks)
13. Name the office equipment used to perform each of the following highlighted functions (4mks)

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

14. Outline any **four** services rendered by a public warehouse (4mks)
15. On July 2010 Mwariki Traders has Kshs. 6,000 cash in hand, a bank overdraft of Kshs. 2,000. During the month, the following transactions took place.
 - a) 18th July: received cheque from debtors totaling to Kshs 80,000
 - b) 22nd July: Paid telephone bills 1,200 cash
 - c) 28th July: Withdrew Kshs 16,000 from bank for office use
 Enter the above information in Mwariki Trader's cashbook given below and balance it off
16. In each of the following cases, indicate whether the supply will increase, decrease or remain constant. (4mks)
 - a) If the price of coffee rises, the supply of tea is likely to
 - b) If the price of cosmetics increases, the demand for shoes is likely to

- c) If the demand for beef increases the supply of wool is likely to
- d) If the prices of cars fall, the supply of petrol is likely to
17. The following account balances were extracted from the books of Segutun Traders on 30th September 2005
- | | |
|---------------|---------|
| Purchases | 190,550 |
| Opening stock | 35,500 |
| Closing stock | 25,000 |
| Sales | 256,050 |
| Sales return | 4,800 |
- Calculate (4mks)
- i) Cost of goods sold
- ii) Percentage of gross profit and net profit
18. State any **four** characteristics of economic resources (4mks)
19. State any **four** factors that lead to cost push inflation (4mks)
20. Outline **four** methods that the government may use to influence the quantity supplied of a commodity (4mks)
- 21 List **four** services that are rendered by wholesalers to retailers (4mks)
- 22 Indicate the type of office etiquette described by the following statements (4mks)
- Showing regard to other people according to their rank or social status
 - Handling people politely and pleasantry
 - Commitment of a worker to his organization
 - Ability to convince others tactfully
- 23 State **four** characteristics of tramps as a means of sea transport (4mks)
- 25 identify **four** ways in which manufacturers contribute to consumer protection (4mks)

KAKAMEGA NORTH SUBCOUNTY JOINT EXAMINATIONS**KCSE Trial Exam****565/2****BUSINESS STUDIES****PAPER 2**

1. a) Explain **five** macro factors that a businessman must respond to, to ensure the survival of his business. (10mks)
b) Explain **five** drawbacks of unemployment (10mks)
2. a) Record the following transactions belonging to Flipside Traders in the appropriate ledger accounts; balance the accounts and extract a trial balance as at 11th July 2013. (10mks)
 - 1st July 2013 Started business by borrowing Kshs 100,000 which was deposited in the business bank account
 - 3rd July Bought goods worth Kshs 20,000 from Bulls eye traders on credit
 - 6th July Sold goods worth Kshs 15,000 on credit to Truthmeter Traders
 - 8th July Truthmeter traders returned goods worth Kshs 5,000
 - 10th July Received a credit note of Kshs 3,000 from Bulls eye traders in relation to some
- b) Explain the role played by warehousing as an aid to trade. (10mks)
3. a) The following information relates to African Retail Traders for the year ended 31st Dec 1999 (10mks)

Gross profit	600,000
Opening stock	285,000
Sales	2,400,000
Purchases	1,830,000
Expenses	360,000
Net profit	240,000
Closing stock	315,000
Fixed assets	400,000
Debtors	900,000
Cash at bank	35,000
Current liabilities	438,000
- a) Calculate
 - i) Cost of goods sold
 - ii) Mark-up percentage
 - iii) Debtors ratio
 - iv) Current ratio
- b) Explain **five** ways in which a well-developed transport industry can be of benefit to the economy of a country. (10mks)
4. a) Briefly explain the following means of written communication (10mks)

Reports	Circulars	Agenda	Minutes	Memorandum
---------	-----------	--------	---------	------------
- b) Explain **five** types of indirect taxes (10mks)
5. a) Explain **five** reasons why ethical issues are necessary to a business (10mks)
b) Outline **five** advantages of using a credit card to a buyer (10mks)
6. a) Explain **five** ways through which the central bank may promote credit creation among commercial banks (10mks)
b) Outline **five** differences between a joint stock company and a co-operative (10mks)

KIGUMO**PRE MOCK****565/1 BUSINESS STUDIES****KCSE Trial Exam**

1. Highlight **four** ways in which the government can ensure a clean environment. (4 Marks)
2. State **four** ways in which commerce facilitates the satisfaction of human wants. (4 Marks)
3. Outline **four** characteristics of an entrepreneur. (4 Marks)
4. State **four** importance of a good business plan. (4 Marks)
5. Highlight **four** reasons that would discourage you from joining a partnership. (4 marks)
6. State **four** disadvantages of a public warehouse. (4 Marks)
7. Outline **four** reasons that can make a firm use competitive advertisement. (4 Marks)
8. Outline **four** features of an oligopoly market. (4 Marks)
9. The demand for rental houses has continued to decline in Kangari market. State **four** factors that could have contributed to this. (4 Marks)
10. Highlight **four** benefits of privatizing government parastatals. (4 Marks)
11. Hamisi started a business on 1st January with a capital of shs.350, 000. During the year the following transactions took place.
 - i. Realized a profit of shs.47,000.

ii. Brought into the business equipment valued at Shs. 50,000

iii. Made drawings amounting to shs. 20,000.

Determine Hamisi's final capital.

(4 Marks)

12. Outline **four** factors that should be considered when buying an office machine.

(4 Marks)

13. State **four** advantages of mail order businesses.

(4 Marks)

14. Mention **four** disadvantages of containerization in transport.

(4 Marks)

15. Highlight **four** challenges that are faced by developing countries in calculating national income.

(4 Marks)

16. State **four** factors that should be taken into account when deciding on the types of goods and services to produce.

(4 Marks)

17. Outline the way different parties are interested in the information contained in the balance sheet.

(4 Marks)

18. State **four** factors that influence the transaction motive of holding money.

(4 Money)

19. Highlight **four** roles that are played by banking in the economy of a country.

(4 Marks)

20. The following information relates to Marumi Traders on 1st July 2015.

Opening stock	40000
Closing stock	55000
Purchases	200000
Margin	25%

Required: Draw Marumi Traders' trading account.

(4 Marks)

21. Outline **four** advantages that may be attributed to a high population growth rate.

(4 Marks)

22. Highlight **four** reasons that may make an insurer not to compensate an insured.

(4 Marks)

23. Highlight **four** advantages of using cell phones within and outside an organization.

(4 Marks)

24. Highlight **four** reasons why the Kenya Consumer Organization has been ineffective.

(4 Marks)

25. Outline **four** advantages of source documents.

(4 Marks)

KIGUMO

PRE MOCK

KCSE Trial Exam

565/2

BUSINESS STUDIES

PAPER 2

Answer any five questions in this paper.

1(a) Explain **five** circumstances under which a manufacturer would find it necessary to sell his product to consumer.

(10 Marks)

direct

(b) Explain **five** factors a manager would consider before buying office equipment for the organization.

(10 Marks)

2(a) Explain **five** benefits that will accrue to the Kenyan government when drilling of Turkana oil wells will be completed.

(10 Marks)

(b) Highlight **five** reasons why the government may find it necessary to participate in business activities.

(10 Marks)

3(a) With the aid of a diagram, explain the effects of changes in consumer incomes on the demand curve.

(10 Marks)

(b) Highlight **five** ways in which the transport industry contributes to development of the Kenyan economy.

(10 Marks)

4(a) Explain **five** ways in which the central bank may control the supply of money in the country.

(10 Mks)

(b) The following trial balance relates Hazina Traders as at 31st December 2015.

Hazina Traders
Trial Balance
As at 31st December 2015.

Particulars	Dr.(Sh)	Cr(Sh)
General expenses	120,000	
Rent	46,000	
Telephone	48,000	
Salaries	360,000	
Sales and purchases	2,600,000	4,000,000
Discounts received		36,000
Sales returns	40,000	
Motor Vehicle	500,000	
Debtors	300,000	
Land and Buildings	2,000,000	
Cash at bank	120,000	

Cash in hand	12,000	
Capital		1,950,000
Drawings	<u>80,000</u>	
Creditors		<u>24,0000</u>
	<u>6,226,000</u>	<u>6,226000</u>

Additional information:

Stock as at 31st December was ksh. 100,000.

(i) Prepare trading, profit and loss account. (7 Marks)

(ii) Calculate return on capital. (3 Marks)

5(a) Explain **five** limitations of using per capita income to compare standards of living in different countries. (10 Marks)

(b) Outline **five** causes of unemployment in Kenya. (10 Marks)

6(a) Explain four macro-environmental factors that might adversely affect the performance of a business. (8 Marks)

(b) On 1st March 2014, Kendi had cash in hand sh.7800 and a bank overdraft of shs.23,400. During the month, the following transactions took place:

March 3: Cash sales sh6,500 paid direct into the bank.

" 4: Bought goods for shs.15,000 and paid by cheque.

" 6: Cash sales sh.50, 000.

" 9: Received a cheque for Sh.76, 500 from Amolo in settlement of his debts.

" 13: Paid insurance premium sh. 16,000 in cash.

" 14: Paid Kamotho by cheque Sh.9,700 in full settlement of his account having deducted 3% cash discount.

" 17: Cash sales Sh.150, 000 paid direct to bank.

" 21: Withdrew Sh 30,000 from bank for office use.

" 23: Received a cheque of sh 23,750 from Rotich in full settlement of his account less 5% cash discount.

" 25: Paid wages of shs. 20,000 in cash.

" 26: Cheque received from Amolo was dishonored.

" 30: Banked all cash except Sh 3,000.

Prepare a three-column cash book duly balanced. (12 Marks)

LANG'ATA SUB-COUNTY

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

FORM 4

1. Identify **four** importance of learning business studies to the state (4mks)
2. Identify **four** ways in which a firm can help in environmental conservation (4mks)
3. State **four** new developments in office management (4mks)
5. Outline **four** channels Angels cyber may use when purchasing computers from Top tech companies in Japan. (4mks)
6. Identify **four** aspects of a healthy business environment (4mks)
7. The following information was extracted from Mwambia traders as at 30th December 2017

	Sh
Furniture	220,000
Debtors	140,000
Premises	300,000
Machinery	300,000
Cash	10,000
Bank overdraft	110,000
Creditors	30,000

Calculate capital for Mwambia traders Ltd. As at 30th December 2017. (4mks)

8. Distinguish between the following terms; (4mks)

a) Material and non-material goods

b) Free and economic goods

9. State **four** circumstances under which the state would privatize a state-owned enterprise (4mks)

10. Highlight **four** features of a re-insurance company (4mks)

11. Highlight **four** circumstances under which upward communication can be used in an organization (4mks)

12. The following information relates to Rwimbah Traders LTD. In the year ended 31/12/2017.

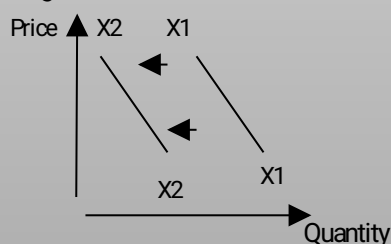
Net profit	65,000
Additional capital	150,000
Closing capital	350,000

If the opening capital was sh. 191,000 determine the drawings for the year (4mks)

13. Highlight **four** reasons for drawing the population structure in an economy (4mks)
14. Highlight **four** ways through which the state is putting in place to bring security to the matatu transport sector (4mks)
16. Fill in the relevant characteristics of an entrepreneur to the description given.

Description	Characteristic
a) Struggles with determination to solve problems	
b) Aggressive in implementing ideas	
c) starts his own business and operates it on his own	
d) has a strong belief in himself in his own abilities	

17. Prepare relevant ledgers from the following transactions relating to Eldo Traders (4mks)
- i) 3rd Feb 2017: bought a computer from Moi Avenue traders worth Shs. 40,000 and paid by cheque.
- ii) 4th Feb: Sold stock worth Shs. 20,000 Credit to Japtoo traders
Japtoo traders returned goods worth Shs. 5,000 to Eldo Traders.
- iii) Eldo traders received a cheque of Shs. 15,000 from Japtoo traders.
18. Distinguish between the following terms (4mks)
- a) GDP and GNP
- b) National income and per capita income
19. Highlight **four** methods used to delocalize firms in an economy (4mks)
20. Awinoe sells her goods at mark up of 2/5. For the year ended 31st Dec. 2017, her trading activities were as follows.
- Opening stock Shs 50,000
- Purchasing Shs 30,000
- Closing stock Shs 20,000
- a) Margin percentage (2mks)
- b) Rate of Stock turnover (2mks)
21. Give **four** aims for Government participating in business activities (4mks)
22. The diagram below shows a shift in demand curve



State **four** possible reasons for the change in $X_1 \times x_1$ to $X_2 \times x$ above.

(4mks)

23. Complete the table below

(4mks)

Source Document	Book of original entry
Received Receipt	
Credit note retained / copy	
	Purchases journal
	Sales journal

24. The following information was extracted from the books of Samoei traders on 31/12/2017

	Shs.
Stock (1/1/2017)	600,000
Purchases	1,800,000
Sales during the year	2,600,000
Mark up	25%
Stocks (31/12/2017)	X
Required: Prepare Samoei traders trading account	

(4mks)

25. Highlight **four** characteristics of a time deposit account

(4mks)

LANG'ATA SUB-COUNTY**565/2****BUSINESS STUDIES****PAPER 2****TIME: 2 HOURS****Kenya Certificate of Secondary Education (K.C.S.E.)****Answer any five questions.**

1. a) Identify five circumstances under which communication may be ineffective. (10 marks)
b) One of the main objectives of vision 2030 is to drastically reduce the rate of unemployment in the economy. Explain five ways through which the government may achieve this. (10 marks)
2. a) Explain five benefits of using cheques as a means of payment (10 marks)
b) As a County Governor, explain five ways in which the National Income statistics will be of benefit to you (10 marks)
3. a) Apart from taxation, explain five other ways the Government raises its finances. (10 marks)
b) Describe five steps taken in personal selling (10 mark)
4. a) Distinguish between bonded warehouse and a free warehouse (10 marks)
b) Record the following transactions relating to Kibaki stores in the General Journal 2017: (10marks)
Oct 2: A photocopier worth Shs.93,000 were purchased on credit from Lisa paper works.
Oct 3. Office furniture worth Shs.70,000 were sold on credit to Poa place for Shs.80,000.
Oct 8. A machine whose book value was Shs.120,000 was sold to Tetu traders for Shs.95,000 on credit
Oct 10. An old motor vehicle worth Shs.270,000 was sold to Iten traders on credit.
5. a) Explain five characteristics of Life Assurance (10marks)
b) Explain five ways in which the Government may increase the amount of money in circulation in an economy (10 marks)
6. a) Explain four benefits a general line textile manufacturer may enjoy by specializing in the production of a single product. (10 marks)
b) Record the following transactions in a three column cashbook and balance it off as at 30th June 2017.
2017
June 2. KCB loan received by cheque Sh. 250,000
June 4. Cash sales amounting to Sh. 30,000.
June 6. Bought stock worth Sh. 70,000 and paid by cheque less 8% discount.
June 9. Received Sh. 25, 0000 from Lonyangapuo a debtor by cheque after allowing a 2% discount.
June 10. The proprietor took Sh. 10,000 cash for his son's birthday party.
June 12. Withdrew Sh.48,000 from the bank for office use.
June 15. Murgor settled his account of Sh. 45,000 by cheque.
June 18. Paid wages Sh. 10,000 cash.
June 20. Murgor's cheque was dishonored.
June 27. Sold goods worth Sh.68,000 receiving Sh.28,000 cash and the rest by cheque.
June 30. Transferred all cash to the bank Except Sh.8,000.

MOMALICHE JOINT EXAMINATION**565/1****BUSINESS STUDIES****PAPER 1****TIME: 2 HOURS****Kenya Certificate of Secondary Education (K.C.S.E.)**

1. Give four features of basic human wants. (4mks)
2. Define the following terms appropriately. (4mks)
a) Mortality rate
b) Fertility rate
c) Life expectancy
3. Infant mortality rate
4. Distinguish between Debentures and Preference shares (5mks)
5. State the type of document described below. (4mks)
a. Show from which country the goods are coming from
b. Written by an exporter authorizing his bank to sell goods on his behalf

- c. Allow importer to get goods on credit and cannot be changed by the importer without exporters permission. Help in quicker clearance and it is issued by country's official abroad.
6. Indicate whether the following items are falling in real, nominal or private accounts. (3mks)
- Account
- Sales
 - Carriage inwards
 - Fixture and fittings
 - Stock
 - Cash
 - Capital
7. Outline four characteristics of multiple shops (4mks)
8. Highlight four ways in which the central bank acts as a banker to the government. (4mks)
9. State four negative effects of high taxation in Kenya. (4mks)
10. Write whether the following transactions will have an increase, decrease or no effect on the balance sheet totals. (4mks)

Transaction**Effect**

- Withdrew stock for personal use
 - Paid a creditor by cheque
 - A debtor paid by cash
 - Received a loan by cheque
11. Give Meshack four reasons why he should not introduce division of labour in his factory. (4mks)
12. Highlight four roles played by personal secretary (4mks)
13. In a well labelled illustration, show a shift in the supply curve. (5mks)
14. Given the following information of Elisha Traders (4mks)
- | | |
|--------------------|---------|
| Land and Building. | 490,000 |
| Machinery | 300,000 |
| 5 year loan | 110,000 |
| 2 year loan | 80,000 |
| Creditors | 90,000 |
| Debtors | 100,500 |
| Stock | 75,600 |
| Cash | 40,000 |
| Bank overdraft | 69,900 |
- Calculate,
- Working capital (1mk)
 - Current ratio (1mk)
 - Capital owned (1mk)
 - Borrowed capital (1mk)
15. Outline four trends in forms of business units. (4mks)
16. State four reasons that can lead to the termination of an insurance policy. (4mks)
17. State four essential elements in communication. (2mks)
18. Record the following transaction in the General journal.
- | | | |
|----------------------|---|--------|
| June 1 st | bought furniture on credit from Wahu traders 25,000/= | |
| June 2 nd | exchange a motor van book value 240,000 for a machine valued at 280,000/= | |
| June 3 rd | sold furniture valued at 15,000 on credit to Erick for 13,400/= | |
| June 4 th | bought a van from c.m.c worth 390,000 paing 300,000 cash the rest to be paid later. | (4mks) |
19. State four disadvantages of delocalization of firms. (4mks)
20. State four assumptions of circular flow of income in a two sector economy (4mks)
21. Highlight four roles of advertising agencies in product promotion (4mks)
22. Outline four benefits of commercial production (4mks)
23. Outline four reasons for one to hire human porter age instead of a pick-up to transport goods. (4mks)
24. Highlight four features of perfect competitive market. (4mks)
25. Name four documents that originate from the seller in the home trade. (4mks)
26. State four limitations of trial balance. (4mks)

MOMALICHE 2 CYCLE 5 EXAMINATION

565/2

BUSINESS STUDIES

Paper 2

TIME: 2 ½ HOURS**Business Studies**

Paper 2

- 1(a) Every institution has office staff which should have certain prescribed code of behaviour. Explain five office etiquette of an office staff. (10mks)
- (b) Explain five methods that government uses to protect consumers. (10mks)
2. (a) Explain five insurance policies that the proprietor of Umoja Supermarket may take to his business. (10mks)
- (b) Explain five negative effects of inflation. (10mks)
3. (a) Describe five channels used to distribute manufactured goods in Kenya.
- (b) Highlight five differences between a co-operative and a public limited company. (10mks)
4. (a) Explain five consideration that the county government should look into before incurring any expenditure. (10mks)
- (b) The following transactions were extracted from the books of NKUNDI enterprise for the month of August.
- (i) August 1st cash in hand Ksh.13,000 and at bank Ksh.28,000.
 - (ii) August 3rd cash sales amounting to Ksh. 15,000.
 - (iii) August 5th received Ksh. 7,800 from Mwenda after deduction of 2 ½ % cash discount.
 - (iv) August 7th paid Kananu Ksh.17,000 by cheque in full settlement of her account of Ksh.17,500.
 - (v) August 9th received Ksh.19,000 from Kawira after allowing 5 % cash discount.
 - (vi) August 10th Deposited Ksh.15,000 into the bank from the cash till.
 - (vii) August 11th took Ksh.9,500 cash for personal use.
 - (viii) August 15th paid Barazaksh. 8,800 after deducting 12% cash discount by cheque.
 - (ix) August 20th Banked some cash leaving Ksh.12,300 in the cash till.
- Required: Prepare a three column cash book for Njundi Enterprise duly balanced. (10mks)
5. (a) Kwanza limited operates as monopolist. Explain five possible factors that made this firm acquire monopoly power. (10mks)
- (b) A flower farmer in Njoro has secured market for her flowers in a foreign market. Explain five reasons why the farmer should use air to transport his flowers.
6. (a) Explain four factors that lead to business success. (8mks)
- (b) The following trial balance was extracted from the books of Hekima Traders as at 30th June 2010.

Details	Dr.(sh)	Cr(sh)
Premises	1,500,000	
Debtors & creditors	20,000	30,000
Cash (bank)	90,000	
Cash (hand)	10,000	
Purchases and sales	140,000	320,000
Stock 1 st June 2010	45,000	
Salaries and wages	50,000	
Discounts	6,000	
Commissions		2,000
Power & lighting	12,000	8,000
Returns	15,000	19,000
Carriage inwards	5,400	
Carriage outwards	2,300	
Capital		1,543,700
Furniture	27,000	
	1,922,700	1,922,700

Stock on 30th June 2010 was worth shs. 22,000

Required:

Prepare a trading, profit and loss account for the year ending 30th June 2010.

(12mks)

*FOR MARKING SCHEMES INBOX **MR CHEPKWONY** ON 0724251706*

ALL OTHER SUBJECTS ARE AVAILABLE