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BUSINESS STUDIES PP1 10 QUESTION PAPERS



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TEN QUESTION PAPERS

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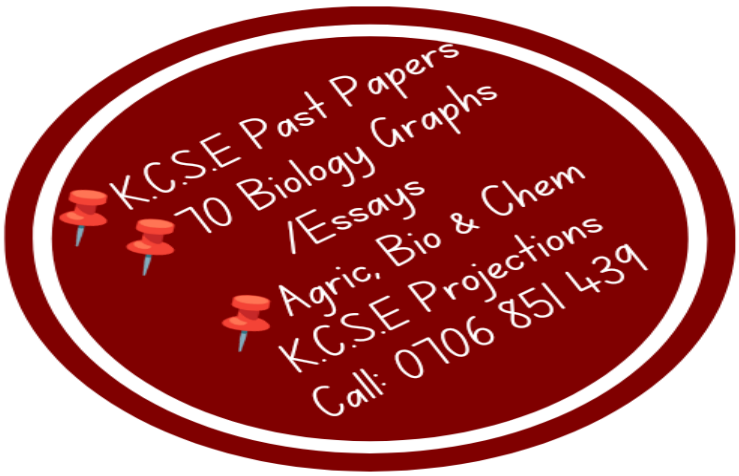
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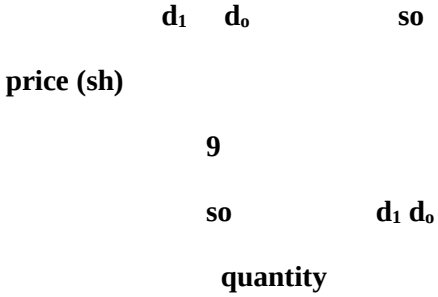




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BUSINESS STUDIES PP1 QUESTION PAPER NO: 01

1. Name the discipline described below that is part of the subject Business Studies **(4mks)**

2. The diagram below shows a shift of the demand give of a commodity from dodo to d1d1. Outline any four factors that could have led to the shift (4mks)



3. Highlight four factors that may make communication in an organization to be ineffective **(4mks)**

4. Give four circumstances under which a cooperative society may be dissolved **(4mks)**

5. Outline any four characteristics of an imperfect competition market **(4mks)**

6. Write down the meaning of the following terms as used in business **(4mks)**

7. Give four benefits of electronic filing in an office **(4mks)**

8. Give four reasons why business firms advertise their products **(4mks)**

9. Mr Kigen is the managing director of Mbau furniture ltd. Which has a large, well equipped workshop with expensive machines. The company handles large sums of money. Outline four insurance policies that the company may have **(4mks)**

10. Outline four benefits to a firm that uses modern technology in its production activities **(4mks)**

11. Highlight four benefits to a retailer who uses a public warehouse to store goods **(4mks)**

12. A business wishes to communicate the arrival of much waited stock of goods to its customers. Give four reasons why it might describe to write a short text message(sms) to the customers instead of a business letter **(4mks)**

13. Outline any four advantages of using intermediaries in the chain of distribution **(4mks)**

14. List down four assumptions of the circular flow of income in a two sector economy **(4mks)**

15. Give any four challenges faced by human beings in their endevour to satisfy human wants **(4mks)**

16. Highlight any four benefits that the recently launched standard gauge railway from Mombasa to Kisumu would bring to Kenya's economy **(4mks)**

17. Name any four occupations that are found at the extractive level of production **(4mks)**

18. Outline any four advantages of small-scale retailers over large-scale retailers **(4mks)**

19. Highlight any four methods used to determine prices of goods and services in the economy **(4mks)**

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20. Outline any four challenges that entrepreneurs face in Kenya **(4mks)**

21. Highlight four characteristics of free resources **(4mks)**

22. Give four advantages of self employment **(4mks)**

23. Outline any four duties of an office receptionist **(4mks)**

24. Name the types of advertising that are described below **(4mks)**

i. Brand name and other features of the brand features more prominently –

ii. Advertising that aims at popularizing a new product –

iii. Advertising that popularizes the business organization –

iv. **U**sed by organization that deals with similar products to convince potential customers to buy their products and not the other –

25. Highlight any characteristics of subsistence production in Kenya **(4mks)**

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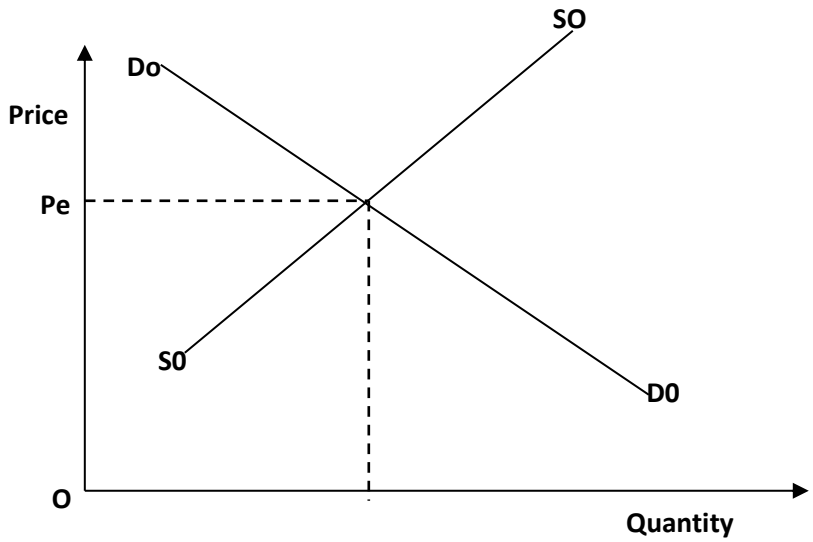
1.State **four** reasons why land is considered a prime factor of production. **(4mks)**

2. Outline **four** measures being used by the government to control high rate of unemployment in Kenya. **(4mks)**

3. Highlight **four** reasons why the owner of a small business enterprise would prefer to a advertise his goods using posters **(4mks)**

4. State **four** challenges that a business with no plan will encounter in its operations. **(4mks)**

5. The diagram shows equilibrium price and quantity



Draw a new demand curve on the diagram above showing a decrease in demand and the Effect on **(4mks)**

(i) Equilibrium price

(ii) Equilibrium quantity

(iii) Equilibrium point

6. Mention **four** roles played by intermediaries in the chain of distribution **(4mks)**

7. Give **four** factors that may determine the amount of premium payable in life assurance **(4mks)**

8. Outline **four** features of oligopoly **(4mks)**

9. Mention **four** pre requisites of transport **(4mks)**

10. State **four** principles that govern the operation of cooperative societies in Kenya. **(4mks)**

11. Outline four criteria used in determining the size of the firm. **(4 mks**

12. Highlight four problems encountered in measuring national income using the output approach method. **(4 mks)**

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13. Outline four reasons why there is need for ethical practices in business. **(4 mks)**

14. Outline four roles played by the stock exchange market as a market for securities. **(4 mk)**

15. Give **four** malpractices against which consumers may need protection. **(4 mks)**

16. Outline **four** circumstances under which gaps in the market may be identified. **(4mks)**

17. State **three** injections into the circular flow of income. **(3 mks)**

18. Outline **four** reasons why a cheque may be dishonored . **(4 mks)**

19. Highlight **four** measures which a firm may take to improve its human resource productivity**.(4mk)**

20. Outline **four** circumstances under which verbal communication may be used**.** **(4mks)**

21. State **four** essentials for a warehouse. **(4mks)**

22. State **four** types of internal economies of scale to a firm. **(4 mks)**

23. Highlight four reasons for making choices between competing wants. **(4mks)**

24. State four advantages of using credit cards as a means of payment. {4 marks}

25. Indicate in the table below the office machine used to perform the following functions. **(5mks)**

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

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BUSINESS STUDIES PP1 QUESTION PAPER NO: 03

1. Mention **four** factors to consider before you locate an office. **(4mks)**
2. Mention **four** factors that influence decisions on what goods and services to produce. **(4mks)**
3. Give **four** problems facing the savings and credit cooperative societies in Kenya. **(4mks)**
4. Disadvantages of a long chain of distribution. . **(4mks)**
5. Highlight **four** sources of diseconomies of scale in a firm. **(4mks)**
6. Why would a business person find it necessary to advertise their product? **(4mks)**
7. State four essentials of effective communication. **(4mks)**
8. Mention **four** factors that one must take account when deciding on which method of product promotion to use. **(4mks)**
9. Give **four** reasons why diagonal communication needs to be encouraged in an organization. **(4mks)**
10. Explain **four** differences between hypermarkets and departmental stores. **(4mks)**
11. Highlight **four** trends in transport sector in Kenya. **(4mks)**
12. Give **four** reasons why a producer may need to have their own warehouse. **(4mks)**
13. State **four** factors that may hinder effective communication in an organization. **(4 mks)**
14. Highlight **four** features of land as a factor of production. **(4mks)**
15. Give **four** factors that positively influence internal business environment**.** **(4mks)**
16. Give **four** reasons for continued use of human portage. **(4mks)**
17. Mention **four** components of external business environment. **(4mks)**
18. Mention **four** methods of government participation in business activities. **(4mks)**
19. Suggest **four** circumstances under which a person would prefer a taxi over a matatu. **(4mks)**
20. Give **four** uses of a computer in an office. **(4mks)**
21. Outline four sources of oligopoly power. **(4mks)**
22. Give four reasons that make insurance companies decline to insure acts of nature. **(4mks)**
23. Give **four** benefits a country derive from entrepreneurship. **(4mks)**
24. Identify **four** gaps that may exist in a market leading to a business opportunity. **(4mks)**
25. Mention **four** factors that limit the number of entrepreneurs in a country. **(4mks)**

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BUSINESS STUDIES PP1 QUESTION PAPER NO: 04

1 Outline four reasons why organizations need to safe keep documents in files **(4mks)**

2.Give the four components of business studies **(4mks)**

3.A business is expected to be socially responsible to various groups such as customers, employees, government, public and suppliers. Indicate against each statement the most appropriate group **(5mks)**

Statement	Group
i)Fair remuneration	
ii)Timely tax returns	
iii)Fairness in tender allocation	
iv)Equal job opportunities	
Quality products	

4.Use the table below to outline four differences between basic wants and secondary wants**(4mks)**

Basic wants	Secondary wants

5. Identify three activities in the extractive level of production **(4mks)**

6. Outlinefour ways in which partners may be classified **(4mks)**

7. Highlight four characteristics of mail order store **(4mks)**

8. Outline the meaning of the following terms as used in accounting **(4mks)**

i)Network of a business iii)Cash transaction

ii)Business transaction vi)Credit transaction

9. Statefour main factors that may limit the level of a country's national income. **(4mks)**

10. Identify four ways in which a business may be of benefit to people in the surrounding area**(4mks)**

11. State the effect of each of the following transaction on the balance sheet by writing increase or decrease or no effect in each case

Transaction	Effect
a)Bought machinery on credit	
b)withdrew cash from the business for personal use	
c)Purchased stock in cash	
d)Paid outstanding by cheque	

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12. State four ways of increasing efficiency and effectiveness of human porterage **(4mks)**

13. The following information relates to Makuyu Traders. Determine the missing figures. **(3mks)**

	Assets	Liabilities	Capital
a)	50000	70000	
b)	320000		280000
c)		14360	12000

14. Post the following transactions in the ledger books of Embakasi traders **(4mks)**

March 1/2013 commenced business with sh. 150,000 cash at bank
March 5/2013 bought machinery in credit for sh. 9500
March 7/2013 withdrew sh 5000 from bank for office use
March 8/2013 paid sh 3000 cash to creditor

15. Give four reasons that make insurance companies decline to insure acts of nature **(4mks)**

16. Name 4 sources of business ideas. **(4mks)**

17. State 4 office etiquette of a business person. **(4mks)**

18. Mention four main types of demand. **(4mks)**

19. State 4 principles of cooperatives. **(4mks)**

20. Name 4 methods of government involvement in business **(4mks)**

21. Name 4 types of public utilities. **(4mks)**

22. Name 4 barriers of effective communication. **(4mks)**

23. Name 4 types of life assurance contracts **(4mks)**

24. Name 4 characteristic of a good filing system**.** **(4mks)**

25. Give 4 characteristics of oligopoly market structure. **(4mks)**

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BUSINESS STUDIES PP1 QUESTION PAPER NO: 05

1. Outline four circumstances under which a business person would allow a customer to acquire goods on credit. **(4mks)**

2. State any four errors that will not affect the balancing of a trial balance. **(4mks)**

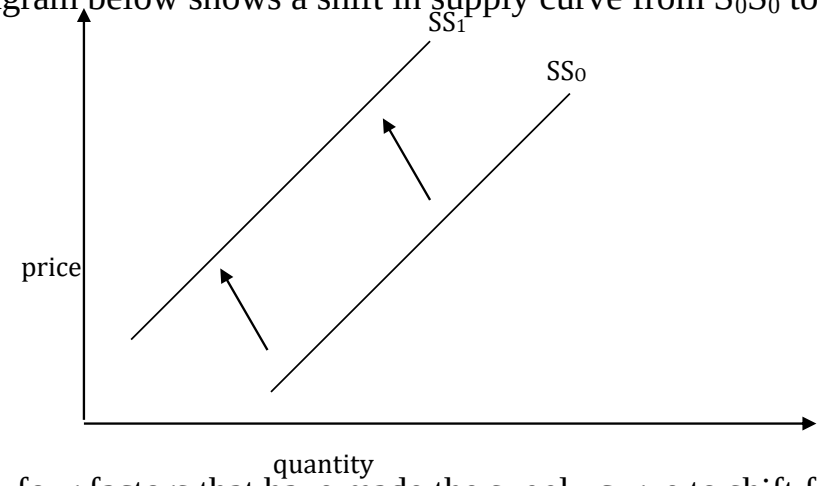
3. Highlight four demerits of using machines in carrying out office activities. **(4mks)**

4. Name the factor that each of the following resources relate to **(4mks)**

Resource	Factor of production
Manager	
Water	
Owner	
Vehicle	

5. Outline four ways in which warehousing promotes trade in Kenya. **(4 mks)**

6. The diagram below shows a shift in supply curve from S_0S_0 to $S_I\ S_1$



Identify four factors that have made the supply curve to shift from S_0S_0 to $S_I\ S_1$ **(4mks)**

7. State the type of advertising that each of the following statements relate to(4mks)

	Statement	Type of advertising
	Persuade consumers to buy a product	
	Promotes a particular brand of a product	
	Create awareness about a product	
	Promotes the name of the manufacturer	

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8. For each of the following transactions, state the account to be debited and the account to be credited. **(4mks**)

	Transaction	Account to debit	Account to credit
	Paid a creditor from private source		
	Brought in cash from private source		
	Withdrew cash for personal use		
	Bought goods and paid by cheque		

9. State four reasons why consumers have to make a choice between competing needs. **(4mks)**

10. State four limitations of containerization. **(4mks)**

11. Highlight four ways in which prices of goods and services may be determined in the market other than the forces of demand and supply. **(4mks)**

12. Outline four uses of balance sheet by a business. **(4mks)**

13. Outline four reasons why government may find it necessary to protect consumers. **(4mks)**

14. State four features that distinguish a private company from a public company. **(4mks)**

15. Highlight four benefits that nay accrue to a customer who buy goods from a manufacturer **(4mks)**

16. State four circumstances under which a seller would issue a credit note to a buyer **(4mks)**

17. Outline four roles of an entrepreneur in a business. **(4mks)**

18. Illustrate with simple diagram, four channels a local farmer would use to distribute his produce. **(4 mks)**

19. Outline four benefits that will accrue to a firm as a result of increased scale of operation **(4mks)**

20..Give two examples of products that would face the following types of demand. **(4mks)**

a) Derived demand
b) Joint demand
c) Composite demand
d) Competitive demand

21. Outline four roles of filing in an office. **(4mks)**

22. Outline four effects of an ageing population on an economy. **(4mks)**

23. Indicate the balance sheet items and show how they would be affected by the following transactions. **(4mks)**

a. Purchase of a motor bicycle by cheque
b. Sale of goods on credit to Baraka
c. A debtor pays his debt in cash
d. The owner converted his personal house into business use

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24. The following trial balance was incorrectly prepared

KALWAL TRADERS
TRIAL BALANCE
AS at 31-Dec-2004

	DR	CR
Capital		31000
Cash in hand	11000	
Creditors	14000	
Insurance		12000
Debtors	13000	
Drawings		15000
Bank over draft		6000
Bank loan	18000	
Stock		18000
	56000	56000

25. Outline four differences between a monopoly and a monopolistic competition as product market **(4mks)**

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BUSINESS STUDIES PP1 QUESTION PAPER NO: 06

1. State the term given to each of the following descriptions. **(4 mks)**

	Description	Term
a)	Study of activities that are carried out in an office	
b)	Study of the process of identifying a business opportunity, acquiring the resources to start and run a business	
c)	Study of trade and aids to trade	
d)	Study of a systematic record keeping	

2. A survey conducted in Kenya shows an upward trend in entrepreneurial activities among citizens. Highlight **four** possible factors that may be leading to such a trend. **(4 mks)**

3. Outline **FOUR** challenges associated with a high ageing population in a country. **(4Mks)**

4. Outline **FOUR** items that are included when computing national income using the expenditure approach. **(4Mks)**

5. Outline **FOUR** features that constitute a market. **(4Mks)**

6. Name the accounts to be debited and credited for each of the transactions shown in the table below. **(4mks)**

	Transaction	A/c to debit	A/c to credit
a)	Bought goods on credit from Kamene		
b)	Took soda from stock to entertain own children		
c)	Paid for office expenses in cash		
d)	Sold old motor vehicle and received a cheque		

7. State **four** factors that may necessitate re-insurance. **(4mks)**

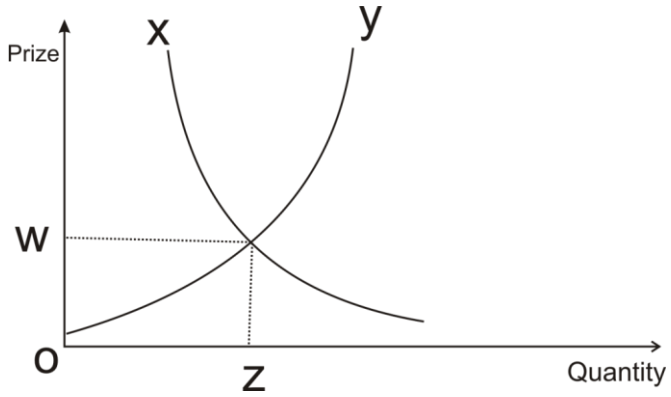
8. Name **three** types of wholesalers according to the goods they handle. **(3mks)**

9. State four reasons why consumers need protection from unscrupulous traders **(4 mks)**

10. State four merits of a bonded warehouse to the Government **(4 mks)**

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



12. The following balances were extracted from the books of Mwenge Traders on 30th June 2010.

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

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

13. Identify four circumstances under which face to face communication would be appropriate **(4mks)**

14. Outline four factors you would consider before setting up a business **(4mks)**

15. State four benefits of a business plan to a business **(4mks)**

16. Outline four features of perfect competition market **(4mks)**

17. Outline four factors to consider when choosing a method of promoting products **(4mks)**

18. List any **four** characteristics of services. **(4 mks)**

19. Complete the table below by identifying whether the factor is within the internal or external business environment. **(4 mks)**

FACTOR	ENVIRONMENT
a) Business objectives	
b) Goodwill from customers	
c) Competitors	
d) Marketing strategies	

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20.A TV set was sold for sh.10,000. If the buyer was allowed a trade discount of 5% and a cash discount of 2% if payment is made within a month. Determine the amount received by the seller if payment is made within 2 weeks. **(4mks)**

20. . Highlight **four** channels of distribution for local agricultural products. **(4mks)**

21.. Enter the following transactions in the relevant journal

a) On 5th may 2001 an old tractor worth shs. 80,000 was sold to wakulima entreprices on credit

b) On 10th may an old furniture worth shs. 80,000 was sold on credit to Bumbere Restaurant for shs 90,000.

c) On 20th may a machine whose book value was shs. 80,000 was sold to Yusuf for shs. 50,000 on credit.

22. State **four** functions of an office in an organization **(4mks)**

23. Identify **four** errors that may cause a trial balance to agree **(4mks)**

24.State the four factors that may limit a persons ability to satisfy human wants **(4mks)**

25. Give five differences between a cooperative and a parastatal **(5 mks)**

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BUSINESS STUDIES PP1 QUESTION PAPER NO: 07

1. Identify any four disciplines of business studies.

2. State **four** ways in which internal environment of a business may negatively affect its activities. **(4mks)**

3. Outline four benefits that accrue to a society that practice indirect production **(4mks)**

4. State difficulties faced by consumers as they strive to satisfy their wants. **(4mks)**

5. Tuk-tuks are a common phenomenon in the urban areas. State four disadvantages of using these means of transport. **(4mks)**

6. Give any four circumstances under which it would be advisable for a manufacturer to sell her products directly to the consumer. **(4mks)**

7. State the type of unemployment relating to each of the following descriptions. **(4mks)**

a) Caused by alternating trading patterns occurring at similar times. ____

b) Arises where workers have more skills and higher qualifications than the job requirements

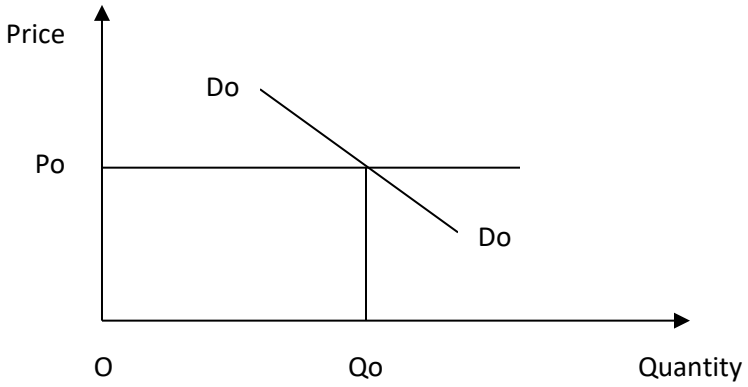
c) Arises out of a mismatch between the skills possessed by potential employees and the location of the jobs available

d) Arises when people are unwilling to take up jobs due to low pay____

8. Highlight four advantages of government involvement in business activities in Kenya. **(4mks)**

9. Highlight four forms of written communication that the minister of education could use to pass on information. **(4mks)**

10. The diagram below shows the current demand for petrol.



a) What is the effect of a fall in the prices of cars on demand for petrol? Give a reason for your answer **(2mks)**

b) Draw a new demand curve on the diagram above to show the effect of a fall in price of cars. **(2mks)**

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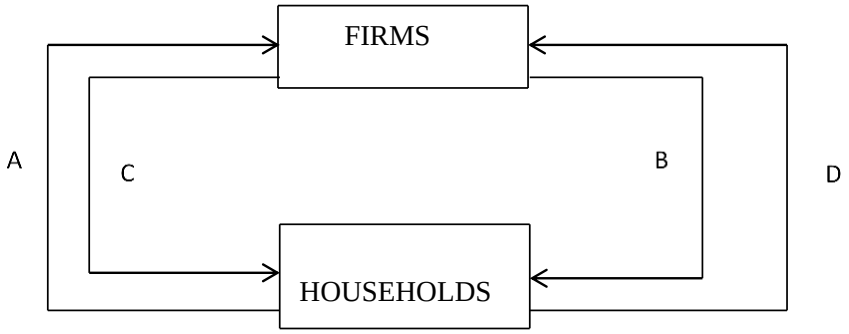
11. State **four** features of a monopolistic market. **(4mks)**

12. Outline **four** circumstances under which a gap may exist in the market. **(4mks)**

13. Highlight the procedure of claiming an insurance claim**.** **(5mks)**

14. The diagram below shows the circular flow of income in a two-sector economy. Indicate what the letters A, B, C and D represents. **(4mks)**

FIRMS



15. The following are balances from the books of Gakoigo traders as at 31st December 2015.

Furniture	80,000
Debtors	20,000
Creditors	40,000
5 years KCB loan	300,000
Motor vehicles	400,000
Cash at hand	20,000
Cash at bank	120,000
3 years NBK loan	150,000
Stock	75,000
Capital	225,000

Prepare Gakoigo traders trial balance as at 31st December,2015. **(4mks)**

16. Identify the type of advertisement described by each of the following statements. **(4mks)**

	Statement	Type of advertisement
i)	Promotes the name of the manufacturer.	.....
ii)	Creates awareness about a product.	.....
iii)	Uses names of famous persons to promote a product.	.....
iv)	Portrays a product as better than others	.....

17. Highlight three major types of office layouts. **(3mks)**

18. State the effects of the following transactions on the balance sheet totals. whether an increase, decrease or no effect. **(4mks)**

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Transaction	Effect
i) Owner took cash from the business to buy food for his family.	
ii) Received a cheque from a debtor.	
iii) Issued a cheque to clear a loan.	
iv) Bought goods on credit.	

19. Outline four benefits that would make Zainabu to join a savings and credit co-operative society (SACCO) **(4mks)**

20. On 1st January 2005, Kamau started a furniture shop with capital of Kshs120,000. During the year he took Kshs12,000 for his son's birthday party. He also brought into the business private furniture worth Kshs20,000. At the end of the period, he had made a profit worth Kshs35,000. Determine Kamau's capital at the end of the period**.** **(4mks)**

21. Outline four consequences of poor arrangement of goods in a warehouse. **(4mks)**

22. Highlight four advantages of paying for transactions using a cheque. **(4mks)**

23. Outline four documents required by the registrar of companies to facilitate registration of Limited Companies **(4mks)**

24. Outline four features of a supermarket **(4mks)**

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BUSINESS STUDIES PP1 QUESTION PAPER NO: 08

1. Outline **four** elements that comprise the internal environment of a business. **(4mks)**

2. Highlight **four** ways in which the nature of goods influences the choice of the method of transport **(4mks)**

3. Outline **four** factors that may positively influence the level of national income in Kenya **(4mks)**

4. Identify **four** characteristics of a country that maybe undergoing a persistent rise in general price levels. **(4mks)**

5. Identify **four** ways that an office can be used in an organization **(4mks)**

6. The following balances were extracted from the books of Penuel Traders for the month ended 31 December 2011.

	Shs
Sales	210,000
Purchases	120,000
Capital	220,000
Motor van	150,000
Expenses	80,000
Equipment	60,000
Debtors	40,000
Creditors	20,000

Prepare trial balance of Penuel Traders for the month ended 31 December 2011. **[4mks]**

7. Highlight **four** benefits that could accrue to a customer who buys goods from Nakumatt Stores **(4 mks)**

8. State **four** reasons why one would prefer an email to a telephone conversation to send a message. **(4mks)**

9. Highlight four roles of entrepreneurship to an economy. **(4mks)**

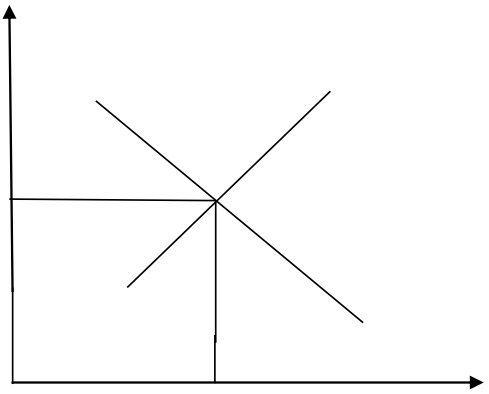
10. Outline **four** strategies that a small- scale firm would adopt to expand so as to benefit from economies of scale. **(4mks)**

11. The following are descriptions of accounts available to customers in the Kenyan banking industry. Give the account that corresponds to each of the descriptions given below**.** **[3mks]**

	Description	**Type of account**
(a)	Account holders require depositing a specific initial amount as well as maintaining a minimum balance.	
(b)	Account holder may deposit and withdraw money whenever they want without maintaining a minimum balance.	
(c)	Banks pay interest on deposit at comparatively higher rates.	

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12. On the diagram below show the effect of a decrease in the cost of production **(4mks)**



13. The following information relates to Wanjau enterprises as at 31st December 2011. **(4mks)**

	SHS
Closing capital	**700,000**
Net loss	**90,000**
Additional investment	**90,000**
Drawings	**30,000**

Calculate Wanjau's initial capital.

14. Outline **four** circumstances under which rail transport may be preferable to road transport.**(4mks)**

15. For each of the following transactions in the table below, indicate in the spaces provided, the source document from which the transaction would be recorded **[4mks]**

No.	Transaction	Source document
	Sales of goods on credit	
	Correction of undercharges	
	Goods returned	
	Credit purchases.	

16. Give **four** factors affecting birth rate in a country **(4mks)**

17. List **four** principles that do not relate to life insurance. **(4mks)**

18. Highlight **four** assumptions of monopolistic competition. **(4mks)**

19. Outline **four** benefits that may accrue to a multi-national business that uses video-conferencing meetings over the traditional ways of holding meetings among managers **(4mks)**

20. Highlight **four** statutes that the government has enacted in order to protect consumers. **(4mks)**

21. Outline **four** advantages of setting up a franchise. **(4mks)**

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22 Pox's books of accounts had the following balances on 31st July 2010.

	Shs
Cash in hand	20,000
Debtors'	40,000
Bank overdraft	140,000

The following transactions took place in the months of September:

September 2: Cash sales of Shs. 300, 000 of which Shs. 200, 000 was paid by cheque.

6: Received a cheque of Shs. 180,000 from Omollo after allowing him a 10% Cash discount

14: Juma a debtor, settled his account of Shs. 60, 00 by cheque less 5% cash discount.

26: Paid insurance cost of Shs. 20, 000 by cheque.

29: Took all cash to the bank leaving a balance of Shs. 20,000.

Required:

Extract a **three** column cashbook and balance it off. **(5mks)**

23. The following balances were extracted from the books Ongwete retailers for the year ended 31 March 2011.

	Shs
Sales	1,000,000
Purchases	640,000
Opening stock (1.1.2011)	160,000
Closing stock (31.12.2011)	80,000
Debtors	280,000
Creditors	180,000

Calculate

(a) Margin

(b) Current ratio

(c) Rate of stock turnover **[4mks]**

24. Highlight the **four** major stages of a commercial transaction. **(4mks)**

25. Outline **four** advantages of drilling oil in Kenya. **(4mks)**

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FORM THREE HOLIDAYS SMART PASS
BUSINESS STUDIES PP1 QUESTION PAPER NO: 09

1. Highlight four principles of insurance. **(4mks)**

2. Outline four reasons how competitive environment affects Business activities. **(4mks)**

3. State four characteristics of a perfect competition market. **(4mks)**

4. Outline four differences between a good and a service. **(4mks)**

5. Match the following statements with the correct source documents. **(4mks)**

	Statement	Source document
(i)	A document that serves as an evidence that cash has been received or paid out.	
(ii)	A document that shows the details of all the expenses incurred, the amount of money spent and the purpose of incurring such an expense.	
(iii)	A document sent by the seller to the buyer demanding payment for goods or service delivered.	
(iv)	A document written by a supplier and sent to a buyer informing him / her that his / her account with the supplier has been debited.	

6. This is the Mitegi's demand schedule for Bread in a week.

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

Required:

Draw the demand curve of Mutegi's Bread for a whole week. **(4 mks)**

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7. Highlight four importance of business studies to a learner. **(4 mks)**

8. Using the balance sheet equation. Fill the missing figures in the following table. **(4 mks)**

	Assts	Capital	Liabilities
	21,920	?	30,341
	?	2,192	19,840
	3,773	1,591	?
	240	150	?

9. Outline four roles played by the stock exchange market as a market for securities. **(4 mks)**

10. Highlight four factors which may influence choice of a distribution channel. **(4 mks)**

11. Outline four advantages of a bonded warehouse. **(4 mks)**

12. Match the following documents with their relevant uses. **(4 mks)**

	Statement	Documents
(i)	This is a document which briefly describes the goods a seller stocks	
(ii)	A documents sent by the seller to the buyer when an inquiry is specific in mature.	
(iii)	A document sent to a prospective buyer to inform him/her that the order has been received and it is being acted upon.	
(vi)	A document sent by the buyer when goods get damaged on the way and returned to the seller.	

13. Highlight our goals of economic development. **(4 mks)**

14. Outline the type of unemployment in an economy and give the cause for each. **(4 mks)**

(i) Unemployment occurs when people lose jobs and go looking for new ones

(ii) Unemployment that occurs when people are actively looking for jobs at the existing wage rate but cannot get them…….

(iii) Unemployment that occurs repeatedly at similar times

(iv) Unemployment that occurs when demand for labour declines due to either changes in the method of production or a decrease in the supply of goods and services.

15. Outline four reasons why there is need for ethical practices in business. **(4 mks)**

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16. Highlight four problems encountered in measuring national income using the output approach method. **(4 mks)**

17. Match the following uses with the appropriate office equipment. **(4 mks)**

	Uses	Office equipment
(i)	It is a machine that is used for preparing cash receipts	
(ii)	It is a machine used for trimming documents into required shapes and size.	
(iii)	A machine which is used for cutting unwanted documents into tiny pieces to avoid such documents getting into the wrong hands.	
(vi)	A machine which is used to complex calculations.	

18. Explain the meaning of the following terms of sale as used in international trade. **(4 mks)**

(i) F.O.B. (Free on Board)…

(ii) LOCO or ex-warehouse or ex- works…

(iii) F.O.R. (Free on Rail)…

(iv) In bond …

19. Highlight four ways how consumers can protect themselves from exploitation from unscrupulous wholesalers / traders. **(4 mks)**

20. Outline four criteria used in determining the size of the firm. **(4 mks)**

21. Outline four tools that the central bank of Kenya uses to control monetary policy. **(4 mks)**

22. Calculate the gross profit given the margin of $^1/_6$ and the cost of goods sold to be 400,000/=. **(4 mks)**

23. Highlight four advantages of operating a current account. **(4 mks)**

24. Outline four factors that influences the choice of product in the market. **(4 mks)**

25. List four essential of an effective communication. **(4 mks)**

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FORM THREE HOLIDAYS SMART PASS
BUSINESS STUDIES PP1 QUESTION PAPER NO: 10

Answer all the questions in the spaces provided.

1. State four external factors that may adversely affect the efficient operations of a business enterprise. **4 mks**

2. Likoni traders a newly established firm has constructed an office block. Outline four factors that will be considered when deciding on the type of office layout. **4mks**

3. State the document used for the following function.4mks

i. To inform a buyer that his or her account has reduced by a certain amount

ii. To request a supplier to provide a particular service to a customer

iii. To determine the credit worthiness of a customer

iv. To show that transport has been hired to deliver specified goods to a particular buyer

4. Classify each of the following accounts in the table below as either real, nominal, or personal **4mks**

Account	classification
Premises	
Rental income	
Debtor otieno	
Discount allowed	

5. The demand for oranges doubled even if the price of the oranges remained the same over the same period. State four factors that may account for this. **4mks**

6. Joshua insured his vehicle against theft, later the vehicle was stolen in a packing bay. Outline the procedure he would follow when making insurance claim for his vehicle. **5mks**

7. Highlight four benefits of transporting oil from Turkana to Mombasa by pipeline. **4mks**

8. List four drawbacks of verbal communication in an organization. 4mks

9. Identify four ways through which the government encourages establishment of industries throughout the country. **4 mks**

10. List four factors that adversely affect the functioning of a warehouse. **4mks**

11. Use the diagram below to answer the questions that follow. 3mks

Price a

b

a

Quantity

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a) Identify the market structure to which the diagram above belongs……

b) Curve labeled a-a……..…. ……

c) Name the part labeled b…….……

12. Outline four factors that hinder entrepreneurship in Kenya. 4mks

13. Outline four benefits that Kamau would get for being a member of SACCO.4mks

14. Kenya is one of the countries experiencing unemployment problems. Identify four causes of the problem. **4mks**

15. Outline four characteristics of direct production4mks

16. Highlight four reasons why a firm may choose to remain small. **4mks**

17. Outline four reasons why ethical practices are necessary in product promotion.4mks

18. Highlight four factors that may lead to low level of national income. **4mks**

19. Outline four reasons that make it difficult to satisfy all our wants. **4mks**

20. The following information has been extracted from the books of Akili as at 30th june 2001

Land and building	235,000
Machinery	142,000
Motor vehicle	198,000
Debtors	25,000
Capital	330,000
Creditors	50,000
Bank overdraft	200,000
Net profit for the year	62,000

From the information above, calculate Akili's drawings for the year. **4mks**

21. Nyundo had the following assets and liabilities on 1st march 2006.

Capital	120,000
Machinery	80,000
Creditors	10,000
Debtors	20,000
Stock in trade	25,000
Cash at bank	5,000

On 2nd march he had the following transactions;

Purchased goods for 15,000 on credit.

Received a cheque of 10,000 from a debtor.

Sold machinery for 90,000 in cash.

Prepare his balance sheet on 2nd march, 2006. **4mks**

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22. Mention four purposes of preparing a trial balance. **4mks**

23. Outline four factors that may cause the capital of an ongoing business to change. **4mks**

24. Yogen had the following transactions with a creditor, Sulem, 2017

June 1 Balance from May 14,000

2 Bought stock from Sulem on credit Kshs. 80,000

4 Returned faulty goods to Sulem Kshs. 2,000

7 Paid Sulem the debt by cash less 2% discount.

Prepare Sulem's account as it would appear in the books of Yogen. **4mks**

25. In the two column cash book given below, enter the missing figures.4mks

Waria Traders

Two Column Cash Book

For The Month ofJuly, 2008

Date	Details	Cash	Bank	Date	Details	Cash	Bank
2018 May 1	Balance b/d	M		2018 May 1	Balance b/d		8,200
9	Sales		40,000	7	Purchases	6,000	
13	Debtors			10	Creditors		11,400
18	Bank 'c'	N		18	Cash 'c'		9,200
20	equipment	19,200		31	Bal. c/d	P	Q
		38,400	59,800			38,400	59,800

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