FORM THREE HOLIDAYS KEYNOTE
BUSINESS STUDIES PP2 10 QUESTION PAPERS



FORM 3 HOLIDAYS KEYNOTE
BUSINESS STUDIES PP2
TEN QUESTION PAPERS

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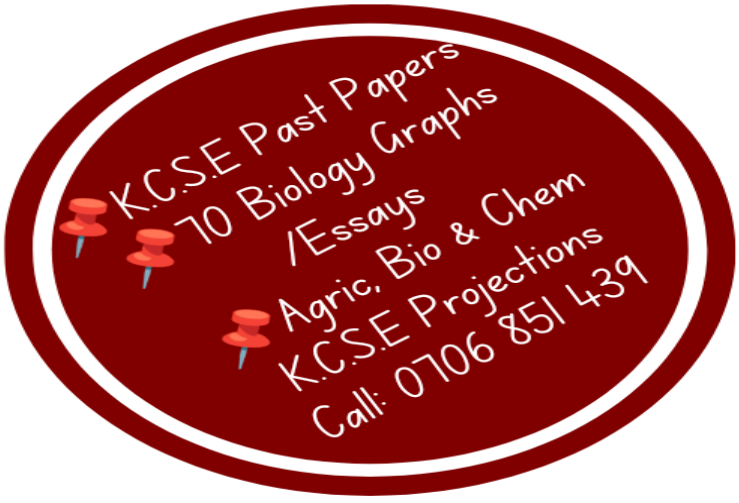
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FORM THREE HOLIDAYS KEYNOTE
BUSINESS STUDIES PP2 QUESTION PAPER NO: 01

1. (a) Explain FIVE advantages of an open plan office layout for a business. **(10mks)**

(b) Explain FIVE reasons for existence of small firms despite competition from large scale firms. **(10mks)**

2. (a) Explain FIVE principles of Insurance. **(10mks)**

(b) With the aid of a diagram, explain the effect of an increase in supply to the equilibrium price and quantity of a product. **(10mks)**

3. (a) Explain FIVE problems facing savings and credit cooperative societies in Kenya **(10mks)**

(b) Explain FIVE reasons why the government gets involved in Business activities. **(10mks)**

4. (a) Despite the development in the transport sector, human porterage is still commonly used in Kenya.

Explain FIVE reasons that account for this fact. **(10mks)**

(b) Explain FIVE circumstances under which a firm may relocate its operations from urban centres to rural areas. **(10mks)**

5. (a) Explain FIVE ways in which warehousing promotes trade. **(10mks)**

(b) Explain FIVE problems encountered when measuring National Income using the Income approach. **(10mks)**

6. (a) Explain FIVE characteristics of perfectly competitive market. **(10mks)**

(b) Manufacturers distribute their products to the final consumers through various channels .

Highlight FIVE factors considered in choosing a particular channel of distribution. **(10mks)**

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FORM THREE HOLIDAYS KEYNOTE
BUSINESS STUDIES PP2 QUESTION PAPER NO: 02

1. a) Explain **five** benefits that would accrue to a businessman who uses a Liner rather than Tramps Steamers. **(10mks)**

b) Using a diagram, describe the effects of outward shift in supply curve on equilibrium price and quantity. **(10mks)**

2. a) Explain ***four*** measures that may be taken by the government to promote her export. **(8mks)**

b) The following Trial Balance was extracted from the books of Kisumu Auto spares as at 31st Oct 2011

Kisumu Auto Spares
Trial Balance
As at 31st Oct 2011

.	DR	CR
Capital		653,560
Motor vehicle	603,000	
Equipment	200,600	
Furniture	94,400	
Debtors	75,900	
Creditors		74,300
Carriage on sales	14,400	
Discount Received		26,400
Salaries	12,400	
Rent Income		12,600
Sales		319,400
Purchases	300,000	
Advertising	22,200	
Rates	9,400	
Stock 1-11-2010	61,500	
Bank		412,600
Cash	105,060	
TOTAL	**1,498,860**	**1,498,860**

Stock on 31st October 2011 was sh. 80,200

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Required,

(i) Prepare Trading ,Profit and Loss account for the year ended 31st Oct 2011

(ii) Prepare Balance sheet as at 31st October 2011 **(12mks)**

3. a) Explain **Five** circumstances under which a manufacturer would find it advisable to distribute his goods through wholesalers. **(10mks)**

b) Explain ***five*** functions of the central bank of Kenya in the Economy. **(10mks)**

4. a) Distinguish between shares and debenture as a source of finance. **(10mks)**

b) Outline five circumstances under which a firm will be located near the market for its products. **(10mks)**

5. a) The following information relates to Bizna Distributor Company for the year ended 31st Dec 2009

	shs
Gross profit	600,000
Opening stock	285,000
Sales	2,400,000
Purchases	1,830,000
Expenses	360,000
Closing stock	315,000
Fixed assets	400,000
Debtors	900,000
Bank	35,000
Current liabilities	438,000

Required calculate

i) Margin **(2 ½ mks)**

ii) Rate of stock turnover **(2 ½ mks)**

iii) Return on capital employed **(2 ½ mks)**

iv) Current ratio **(2 ½ mks)**

b) Explain **five** ways in which the Entrepreneur contributes to the production of goods. **(10mks)**

6. a) Describe **five** means of payment that a trader may use to settle business debts**.** **(10mks)**

b) Explain **five** indicators of under development in Kenya. **(10mks)**

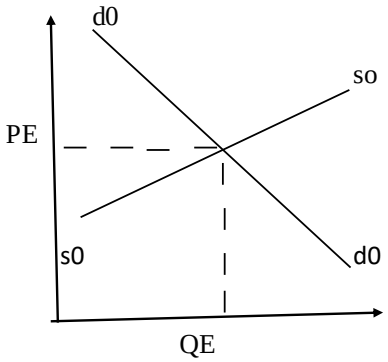
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FORM THREE HOLIDAYS KEYNOTE
BUSINESS STUDIES PP2 QUESTION PAPER NO: 03

1. a) Outline any five differences between a public limited company and a public corporation **(10mks)**

b) Explain five factors that influence the location of business enterprises **(10mks)**

2. a) The diagram below shows the equilibrium price and quantity of commodity A which is produced jointly with commodity B.



do do-demand curve

so so - supply curve

PE -Equilibrium point

QE -Equilibrium quantity

i. On the diagram show the effect of a decrease of tax charged on commodity B on the equi8librium price and quantity of commodity A **(4mks)**

ii. Explain the effect of a decrease of tax charged on commodity B on the equilibrium price and quantity of commodity A **(6mks)**

b) Bidco Kenya Ltd. is a manufacturer of soap and edible oil products. Highlight five reasons why the company chooses to distribute its products through wholesalers rather than selling directly to consumers **(10mks)**

3. a) Explain any four ways in which the Kenya government involves itself in government activities in the country **(10mks)**

b) Discuss five ways which county governments in Kenya can use to attract entrepreneurs in their areas. **(10mks)**

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4. a) Kenya association of manufactures (KMA) brings Kenyan manufacturers together to solve problems faced by the manufacturers as well as consumers. Discuss five measures taken by the manufacturers to protect consumers **(10mks)**

b) Discuss five importances of natural resources in a country **(10mks)**

5. a) A recent economic survey showed a very big gap between the rich and the poor in Kenya. Explain any five factors that could have led to this disparity in income distribution among individuals in Kenya **(10mks)**

b) Highlight any five reasons why there are so many small-scale business firms in Kenya despite the economies of scale enjoyed by large firms **(10mks)**

6. a) Discuss any five circumstances under which an insurer may not compensate the insured in the event of occurrence of a loss **(10mks)**

b) Explain any five functions of marketing boards in Kenya **(10mks)**

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FORM THREE HOLIDAYS KEYNOTE
BUSINESS STUDIES PP2 QUESTION PAPER NO: 04

1.a. Explain five reasons why you would advise your friend against starting a sole proprietorship form of business. **(10mks)**

b. Explain five measures to be taken to reduce unemployment in the country. **(10mks)**

2.a. Outline five factors that you would consider when establishing a warehouse for imported goods. **(10mks)**

b. Explain five circumstances that may influence a firm to locate its operations near the source of raw materials **(10mks)**

3.a. Despite the development in the transport sector, human porterage is commonly used. Explain five reasons that account for this fact. **(10mks)**

b. Explain five challenges for rapid population growth in a country. **(10mks)**

4. a. Explain five reasons why the government is involved in Business Activities. **(10mks)**

b. The following balances were extracted from the books of Karimi Traders on 1st January 2011.

	Ksh.
Capital	600,000
Creditors	180,000
Motor van	200,000
Furniture	200,000
Stock	60,000
Debtors	80,000
Cash	240,000

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The following transaction took place during the year ended 31st December 2007.

i. Sold furniture worth ksh.60, 000 for which ksh.40, 000 cash was received and the balance was due at the end of the year.

ii. Purchasing goods worth ksh.100, 000 for which cash of ksh.70, 000 was paid and the balance was still outstanding at the end of the year.

iii. Cash ksh.10, 000 was taken from the business by the proprietor to settle the spouse hospital bill.

Required :

Draw Karimi Trader's balance sheet as at 31st December 2011 showing the items in their relevant classes. **(10mks)**

5. a. Explain five benefits that may accrue to an organization that adopts an open office plan. **(10 mks)**

b. Amina operates a fleet of public service vehicles (PSV_s).Explain five possible risks she can insure her business against. **(10mks)**

6.a. Discuss five factors that may be considered when choosing a method for promoting a product. **(10mks)**

b. Describe five channels of distribution of exported agricultural products. **(10mks)**

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FORM THREE HOLIDAYS KEYNOTE
BUSINESS STUDIES PP2 QUESTION PAPER NO: 05

1. a) Discuss five factors that may influence entrepreneurial practice positively in the country. **(10mks)**

b) Explain five principals of insurance. **(10mks)**

2. a) Explain five benefits of matatu reforms in transport sector. **(10mks)**

b) Using a well labeled diagram, differentiate between shift in demand curve and movement along the demand curve. **(10mks)**

3. a) Muema is planning to construct a warehouse for renting. Explain five measures that he may take to ensure its smooth operation. **(10mks)**

b) Explain five methods used to distribute imported manufactured goods. **(10mks)**

4. a) Outline five measures that the Kenya government may take to reduce unemployment. **(10mks)**

b) Explain five measures that the government may take to increase supply of maize in the market. **(10mks)**

5. a) Describe any five types of business activities. **(10mks)**

b) Munguti, who runs a retail store, had the following assets and liabilitie as at 31st March 2016.

Premises	Sh. 100,000
Debtors	Sh. 4,000
Creditors	Sh. 16,000
Stock	Sh. 2,000
Cash at bank	Sh. 60,000
Cash in hand	Sh. 20,000
Loan from AFC	Sh. 50,000

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During the month of April 2015, the following transactions took place

2015

April 1st sold goods at cost Sh. 2000cash

April 2nd Paid creditors Sh. 8000 cash

April 10th received Sh. 2000 from his debtors in cash

April 15th Bought a motor van for Sh. 35,00 paying by cheque

April 25th purchased goods worth Sh. 15000 and paid by cheque

Required: Prepare a balance sheet as at 25th April 2015. **(10mks)**

6. a) Describe the following terms as used in accounting.

i) Assets **(2mks)**

ii) Credit transactions. **(2mks)**

iii) Networth of a Business. **(2mks)**

iv) Ledger. **(2mks)**

b) Muinamo started a business on 1st March 2012 with a capital of 240,000 consisting of Sh. 130,00 in bank, Sh. 50,000 in cash and furniture worth Sh. 60,00.

Transactions for the first week were as follows;

2012: March 2nd purchased a typewriter by cheque Sh. 20,000

March 3rd bought delivery van for Sh. 450,000 from Mwangaza motors on Credit

March 4th Bought stock worth Sh. 15,000 for cash

March 5th Purchased goods worth Sh. 18,000 from Kinyua on credit

March 6th sold goods worth Sh. 30,000 on credit to Menge

March 7th paid 12,000 to Kinyua by Cheque

March 7th received Sh. 4,000 for rent by cheque

Required: Record the above information in the relevant ledger accounts and balance them off on 7th March 2012. **(10mks)**

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FORM THREE HOLIDAYS KEYNOTE
BUSINESS STUDIES PP2 QUESTION PAPER NO: 06

1.a) Explain five reasons why it is important for an entrepreneur to have a business plan. **(10mks)**

b) Explain five ways in which the stock exchange market facilitates the growth of the country's economy. **(10mks)**

2. a) Outline five problems that are likely to be encountered when measuring national income. **(10mks)**

b) Explain five factors that a trader should consider before giving credit. **(10mks)**

3. a) Highlight five circumstances under which a manufacturer would opt to use salesmanship as a way of promoting his products. **(10mks)**

b) Explain five sources of business ideas that a potential investor can use when making investment decision. **(10mks)**

4. a) Explain five ways in which the government can create an environment that is conducive for doing business. **(10mks)**

b) The following balances were extracted from Witu books of accounts on January 2017;

Motor vehicles	250, 000
Furniture	8, 000
Stock	37, 000
Debtors	20, 000
Cash at bank	15, 000
Cash in hand	5, 500
ADC loan	100, 000
Creditors	12, 000
Capital	224, 000

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The following transactions took place during the month.

January 1 deposited an additional shs.30, 000 from private sources into the business bank account.

January 5 issued a cheque for shs. 80, 000 to ADB bank which was honoured by the bank.

10 sold goods whose cost was shs.3, 500 at shs.7, 000 and received the proceeds by the **cheque.**

15 bought a new motor vehicle worth shs.50,000 having borrowed an additional loan from ADB bank.

17 took goods worth shs. 1, 200 to be used by his family.

20 sold one of the old motorvehicles whose book value was shs.27, 000 at shs. 22, 000 on credit.

25 received cash shs.15, 000 from a debtor.

29 paid a creditor by chequeshs.8, 500

30 bought more goods on credit worth shs. 3, 200

Prepare Witu's balance sheet as at 30th April 2017. **(10mks)**

5. a) explain any five causes of an increase in supply of a given commodity. **(10mks)**

b) Describe the procedure followed in seeking compensation from the insurance company**.(10mks)**

6. a) Despite the economies of scale enjoyed by large firms, some firms continue to operate on small scale basis. Explain five reasons. **(10mks)**

b) Explain five reasons why several competing firms would combine and form one firm. **(10mks)**

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FORM THREE HOLIDAYS KEYNOTE
BUSINESS STUDIES PP2 QUESTION PAPER NO: 07

1.a) Explain five principles that is used by Britam Insurance company that is responsible for their success and efficiency in operations. **(10 mks)**

(b) Explain **five** features of a good filing system. **(10 mks)**

2.(a) Describe **five** documents required to register a public limited company. **(10 mks)**

b) Explain five benefits that could accrue to a customer who buys goods from a departmental store. **(10mks)**

3.a) Businesses are currently employing new product promotional strategies as a way of boosting their sales volumes. Identify and explain four such strategies. **(8marks)**

(b) The following information relates to the business of Kazuri Enterprises for the week ended 29th March 2016.

March 24th Started business with Kshs 24,000 in the bank.

March 25th Bought goods worth Kshs 18,000 by cheque.

March 26th Sold goods for cash Kshs 10,000

March 28th Sold goods on credit to Mrembo worth Kshs 5,625

March 29th Bought Furniture from Seremala Ventures worth Kshs 20,000 paying Kshs 5,000 by cash and the rest to be paid later.

Required

Prepared ledger accounts and balance them off. (12 marks)

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4.a) Explain five documents sent by the buyer to the seller in Home trade. **(10mks)**

b) Using a diagram illustrate the effects of a positive shift of a demand curve on the equilibrium point, price and quantity **(10mks)**

5.a) Describe four channels followed in exporting agricultural product. **(8 mks)**

b) On 1st March 2020, Swara Limited had cash in hand shs. 7,800 and a bank overdraft of 23,400. During the month of the following transaction took place.

March 3: Cash sales sh. 6500 paid directly into the bank.

March 4: Bought goods for sh. 15,000 by cheque.

March 6: cash sales sh. 50,000

March 9: Received a cheque for sh. 18,000 from Amolo in full settlement of his account of sh. 20,000.

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

March 14: Paid Kimotho by cheque sh. 9,700 in full settlement of his debt of sh. 10,000.

March 17: Cash sales sh. 150,000 paid directly into the bank.

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

March 23: Received a cheque of sh. 23,750 from Rotich after having deducted 5% cash discount.

March 25: Paid wages shs. 20,000 in cash.

March 30: Banked all cash except sh. 3,000.

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

6.a) Highlight five circumstances under which a consumer may need government protection. **(10 mks)**

b) Highlight five factors which an entrepreneur should consider when evaluating a viable business opportunity **(10 marks)**

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FORM THREE HOLIDAYS KEYNOTE
BUSINESS STUDIES PP2 QUESTION PAPER NO: 08

1. (a) Explain five measures that the African continent may use to solve the widespread unemployment cases. **(10mks)**

(b) Explain five functions of the stock exchange market. **(10mks)**

2. (a) Highlight five circumstances under which the wholesaler can be eliminated in the distribution of goods and services. **(10mks)**

(b) The following are the assets and liabilities of classic furniture Enterprises as at 1st July, 2012.

	Kshs.
Furniture for sale	560,000
Office furniture	150,000
Creditor	155,000
Drawing	40,000
Debtor	85,500
Premises	250,000
Cash at Bank	130,000
Net profit	60,000
Cash in hand	5,500
Bank loan	600,000
Prepaid insurance	20,000
Capital	426,000

Required.

Prepare the balance sheet of the business as at 1st July showing subtotals for:

(i) Fixed assets

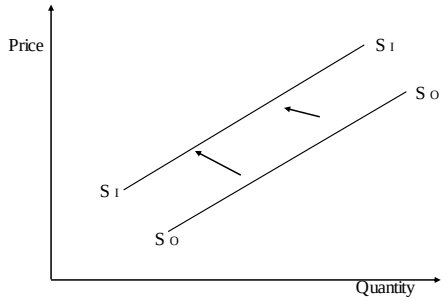
(ii) Current assets

(iii) Long term liabilities

(iv) Current liabilities

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3. (a) The following diagram shows a shift in the supply curve. Explain briefly five factors that would cause such a shift. **(10mks)**



(b) Explain five characteristic of economic resources. **(10mks)**

4. (a) The following balances were obtained from the books of Baraka for the period ended 12th January 2011

Drawings	5,000
Salaries	2,000
Capital	50,000
Purchases	12,000
Postage	500
Sales	15,000
Computer	10,000
Rent	2,000
Bank	15,000
Cash	18,500

Required

(i) Prepare a trial Balance of Baraka Traders as at 12th January 2011. **(12mks)**

(b) Bodaboda services (motor cycles) have become a popular means of transport in many parts of the country. Explain four factors that have led to this trend. **(8mks)**

5(a) Kenya Power and Lighting Company is a monopoly in the provision of electricity in Kenya. Explain five challenges of having such a firm in the economy. **(10mks)**

(b) Explain five benefits of indirect production. **(10mks)**

6(a) Explain five factors that should be considered when choosing methods of product promotion. **(10mks)**

(b) Explain five importances of National Income statistics. **(10mks)**

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BUSINESS STUDIES PP2 QUESTION PAPER NO: 09

1.(a) Explain five internal economies of scale that may be experienced by the firm **(10mks)**

(b) Explain five factors to be considered when setting up an office layout for a business organization **(10mks)**

2a) Explain **five** assumptions that will makea circular flow oftwo sector economyto hold. **(10mks)**

b) Explain **five** ways of improvingthe efficiencyofawarehouse**.** **(10 mks)**

3.a) Explain six ways which the government of Kenya can use to influence the supply of maize in Kenya **(12mks)**

b) The following balance relate to the business of Roba traders during the period ended 31st March 2014.

Cash at bank	680,000
Premises	500,000
Machinery	175,000
Creditors	190,000
Furniture	85,000
Motor van	200,000
Cash in hand	50,000
ADS5y loan	630,000

Extract the trial balance of Roba traders as at 31st March 2014 **(8mks)**

4a) Discuss any four importance's of a balance sheet with special reference to the interested parties to a balance sheet **(8mks)**

b) Highlight any six types of an employment and disclose a remedy (solution) for each type **(12mks)**

5. a) Describe**four** circumstances under whichan insurancecompanywould not compensatethe insured in the event of loss**.** **(8 marks)**

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b) The followingbalancesheet was extractedfromthe books ofImarastores on 1stMay2015.

IMARASTORES

BalanceSheet

Asat1stMay2015

	Ksh		Ksh
Equipment	200,000	Capital	415,000
Furniture	82,000	Mbotela(credito	27,000
Stck	140,000		
Cash	20,000		
	442,000		442,000

The followingtransaction took placeduringthemonth of May2015.

4.5.2015: Theowner ofImarastores sold personalassets forKsh 30,000 receivingpayment by chequewhich heinvested in thebusiness.

10.5.2015: Hepurchasedgoods for Ksh 29,000 oncreditfrom Mbolela.

19.5.2015: Heturnedgoods worth Kshs 3,000 to Mbotela after theywerefund defective.

30.5.2015: Hesold goods forKsh 12,000 cash.

Required: Open relevantledger accounts, record the abovetransaction andbalancethem off.

(12 mks)

6. a) Highlight anyfive distinguishingcharacteristics between apublic Ltd company and public corporation**.** **(10 mks)**

b) Discuss five conditions necessaryfortheexistenceof perfectcompetition typeof market structure. **(10marks)**

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FORM THREE HOLIDAYS KEYNOTE
BUSINESS STUDIES PP2 QUESTION PAPER NO: 10

1. a. Explain five features of sole proprietorship form of business. **(10mks)**

b. Explain five demerits that maybe associated with water transport. **(10mks)**

2. a. State and explain five measures that maybe taken by the Kenyan government to reduce the level of unemployment. **(10mks)**

b. Explain five circumstances which would make an office manager to replace an existing machine with a modern one. **(10mks)**

3. a. Give and explain five reasons why an increase in per capita income may not lead to a rise in standard of living. **(10mks)**

b. Explain five reasons for the popularity of hypermarkets in Kenya. **(10mks)**

4. a. There are numbers of circumstances under which business enterprises may choose to merge. Explain five of them. **(10mks)**

b. The government of Kenya has decided to sell her poorly performing businesses to private investors. Explain five reasons for this kind of move. **(10mks)**

5. a. With the aid of a diagram show the effect of an increase in the supply of a commodity, while demand remains constant. **(10mks)**

b. Explain five ways in which commercial attaches promotes a country's trade with other countries. **(10mks)**

6. a. Explain five problems linked to rapid population growth. **(10mks)**

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b. The following balances were extracted from the books of Umoja Traders on 1st October 2020 . **(10mks)**

details	shs.
Capital	80,000
Furniture	56,000
Debtors	25,000
Creditors	20,000
Cash	8,000
Bank	11,000

The following transactions took place in the course of the month.

i. Took shs. 3000 from bank for family use.

ii. Paid a creditor shs. 4500 in cash.

iii. Purchased land worth shs. 82,000 paying by cheque.

iv. Acquired a ten year bank loan shs. 165,000 which was credited to the business bank account.

v. Converted a family table worth shs. 5,500 to business use.

vi. Received shs. 7,300 in cash from debtors.

Required:

Prepare Umoja traders balance sheet at the end of October 2020.

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