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BUSINESS STUDIES PP2 10 QUESTION PAPERS



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BUSINESS STUDIES PP2
TEN QUESTION PAPERS

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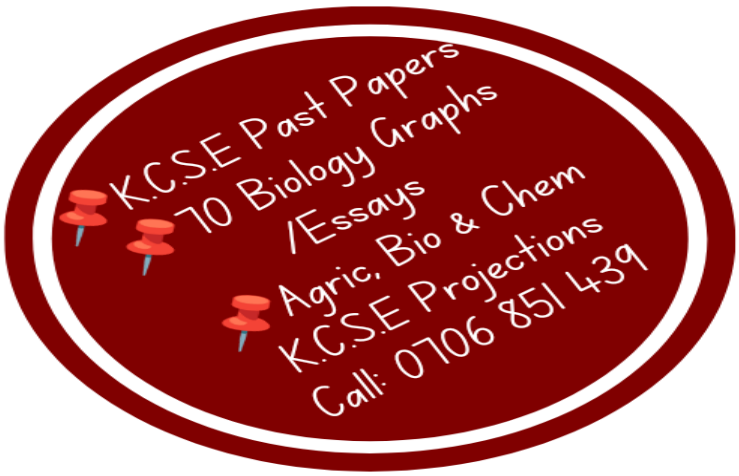
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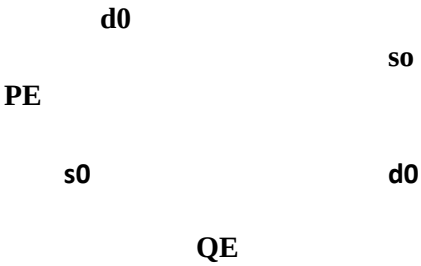
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BUSINESS STUDIES PP2 QUESTION PAPER NO: 01

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)**

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)**

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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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BUSINESS STUDIES PP2 QUESTION PAPER NO: 02

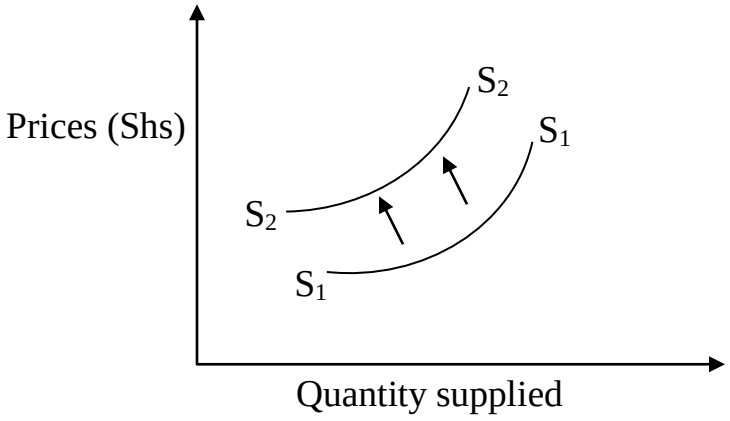
1. (a) Explain **FIVE** types of unemployment **(10mks)**

(b) Describe **FIVE** channels of distribution that may be followed by imported manufactured goods **(10mks)**

2. a) Explain **five** ways in which the government may encourage delocalization of firms**. (10mks)**

b) In the recent past, many small businesses in Kenya have expanded and grown into large enterprises. Explain **five** causes of business success in Kenya. **(10mks)**

3. a) The diagram below shows a shift of the supply curve of a commodity from S_1S_1 to S_2S_2. Explain **five** factors that would have caused the shift. **(10mks)**



b) Ramji operates a large hardware business in a town in Kenya. Apart from motor vehicle insurance policies, highlight giving reasons, **five** insurance policies that may be beneficial for this business. **(10mks)**

4. (a) Explain **five** limitations of using posters as a medium of product promotion **(10mks)**

(b) Explain **five** circumstances under which a partnership could be dissolved **(10mks)**

5.a) Outline **five** differences between land and labour as a factor of production. **(10mks)**

b) Outline **five** uses of National income statistics to a country. **(10mks)**

6.(a) Explain **five** factors that a business may consider when choosing an office layout. **(10 mks)**

(b) Explain five effects of a declining populating to an economy. **(10 mks)**

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BUSINESS STUDIES PP2 QUESTION PAPER NO: 03

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 2015

Kisumu Auto Spares
Trial Balance
As at 31st Oct 2015

	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 1-11-2014	61,500	
Bank		412,600
Cash	105,060	
TOTAL	**1,498,860**	**1,498,860**

Stock on 31st October 2015 was sh. 80,200

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Required,

(i) Prepare Trading ,Profit and Loss account for the year ended 31st Oct 2015

(ii) Prepare Balance sheet as at 31st October 2015 **(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 2014

	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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BUSINESS STUDIES PP2 QUESTION PAPER NO: 04

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)**

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

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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BUSINESS STUDIES PP2 QUESTION PAPER NO: 05

1. (a) Explain five principles of insurance **(10mks)**

(b) Explain five ways through which containers may be in effective as a way of moving goods **(10mks)**

2. (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)**

3. (a) Explain five causes of unemployment **(10mks)**

b)Explain five benefits of preparing a business plan to a firm **(10mks)**

4. (a) Explain five factors that influence choice of product promotion **(10mks)**

b) Explain five roles played by commercial attaches in trade promotion **(10 mks)**

5.(a) Describe five differences between a movement along a demand curve and a shift of a demand curve **(10mks)**

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b) The following information relates to Maralal Traders for the month of May 2014.

May 1: Balance brought forward:
Cash Shs. 180,000
Bank Shs. 450,000 (Cr)

3: Received a cheque of 1,500,000 from Mpasha, a debtor

7: Cash sales Shs. 280,000

11: Jolloimat, a creditor of Shs.600, 000 was paid by cheque of sh 400,000 and the balance by cash.

14: Received commission in cash sh. 150,000

17: A debtor, Leteipa, paid his account of 185,000 by cheque less 2% cash discount.

19: Paid the following expenses by cheque:
Rent Shs. 75,000
Electricity Shs. 32,000
Water Shs. 25,000

21: Withdrew Shs. 100,000 from bank for personal use

24: Paid cash Shs 133,280 to Kinai after deducting a cash discount of 2%

25: Received a cheque of sh. 200,000 from Kiyapi, a debtor

28: Paid Salaries Shs. 120,000 by cheque.

31: Banked all cash except sh. 50,000.

Required:

Record the above transactions in a three column cash book**.** **(10mks)**

6. (a) Explain five reasons that may limit use of pipeline transport in a country **(10mks)**

(b) Kavetsa had the following balances on 1st January 2010

	sh
Motor vehicle	210,000
Debtors	20,000
Cash	90,000
Stock	25,000
Creditors	40,000
Cash at Bank	50,000

During the month, the following transactions took place

2010 January 4: paid sh 12,000 to creditors by cheque

'' 13: purchased stock worth sh 18,000 on credit

'' 26 : deposited sh 6,000 into the business bank account from cash till

Record the above transactions in the relevant ledger accounts and balance them off **(10mks)**

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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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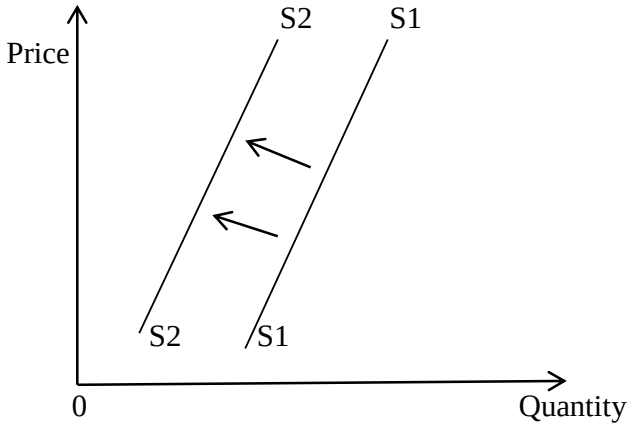
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BUSINESS STUDIES PP2 QUESTION PAPER NO: 07

1. (a). Explain **five** external factors that an entrepreneur needs to consider when evaluating a business opportunity. **(10mks)**

b). Outline **five** differences between a partnership and a cooperative forms of business units. **(10mks)**

2. a). Explain **five** positive implications of overpopulation to a country**.** **(10mks)**

b). The diagram given below shows changes in the supply curve.



Explain **five** factors that may have led to the change from S1S1 to S2S2. **(10mks)**

3. a). Explain **five** limitations of using billboards as medium of advertising. **(10 mks)**

b) Explain five internal economies of scale that a firm can enjoy as its scale of production increases. **(10mks)**

4. a) Highlight **four** documents that are sent to the seller by the buyer in home trade. **(8mks)**

b) On May 1, 2021, Mjanja Shop had cash in hand sh.87,000 and cash at bank sh.250,000. During the month, the following transactions took place:

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2021

May 2: Cash sales sh.60,000
3: Paid salaries sh.101,500 by cheque
7: Received a cheque of sh.76,000 from Henry after allowing him a cash discount of 5%
13: Bought office furniture by cheque sh.86,000
17: Settled Martha's account for sh.34,200 in cash, having deducted sh.800 cash discount.
20: Received a cheque for sh.165,000 in respect of cash sales.
22: Paid wages sh,25,000 in cash.
24: Withdrew sh.32,000 from the bank for office use.
25: Withdrew sh.4000 cash for personal use
29: Received sh.17,000 cash form Martin in settlement of his account less sh.1000 cash discount.
31: Deposited all the money into the bank except sh.24,000.

Required:

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

5 a) Differentiate between life assurance and property insurance **(10mks)**

b) Explain five circumstances under which personal selling may be most appropriate. **(10 mks)**

6. a) Explain five circumstances that would influence a producer to use wholesalers in distributing his produce. **(10 Mks)**

b) The following balances were extracted from the ledger accounts of Bidii traders for the year ended 31st December 2020.

Capital	940, 000.
Bank	100, 000
Accrued expenses	20, 000.
Debtors	60, 000
Creditors	60, 000
Stock	100, 000
10 Years Bank loan	200, 000
3-year ICDC loan	100, 000
Vehicle	300, 000
Plant and machinery	200, 000
Land	500, 000
Drawings	40, 000
Cash	20, 000

Required:

Prepare Bidii traders trial balance for that year ended 31st December 2020. **(10 Mks)**

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BUSINESS STUDIES PP2 QUESTION PAPER NO: 08

1. a) Discuss any five economic importance of the recently discovered oil to the Kenya Economy. **(10mks)**

b) Describe five monetary tools used by the government to control inflation. **(10mks)**

2a) Explain **four** reasons why Boda Boda transport has become a popular means of transport in Kenya. **(8mks)**

b) The following trial balance relates to HM Traders Ltd as at 31st December 2011.

HM Traders Ltd
Trial Balance
As 31st December 2011

Particulars	Dr shs	Cr shs
Capital		283,200
Drawings	8000	
Cash at Bank	30,000	
Machinery	360,000	
Debtors	42 700	
Creditors		20 000
Stock (1.1.2011)	40000	
Sales		570 000
Purchases	325 000	
Return inwards	10000	
Return onwards		15000
Carriage inwards	4000	
Carriage outwards	5000	
Rent	18000	
Salaries and wages	40000	
Discounts Received		9000
General expenses.	14,500	
	897 200	897 200

Stock as at 31/12/2011 was valued at shs. 35,000

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Required:

i) Prepare a trading, profit and loss account for the year ended 31st December, 2011 **(8 mks)**

ii) Draw a balance sheet as at 31st December, 2011. **(4 mks**

3 (a) Explain five consideration for proper use of County Funds **(10mks)**

(b) The following table represents the supply of potatoes for 3 months.

Year 2010	Price Per Kg	Quantity Supplied (Kgs)
January	100	100,000
February	100	90,000
March	100	80,000

Explain five reasons to account for the change in quantity supplied of potatoes in the market. **(10mks)**

4 a) Mr Yego,a tea farmer in Kericho, wants to join Kiptigis farmers' co-operative society. Explain five benefits that would accrue to him as a result of being a member of the society **(10mks)**

b) On 1st September 2006,Mau Enterprises had the following balance.

Cash shs. 55,000

Bank shs. 250,000 (CR)

During the month, the following transaction took place

September 2nd: Cash Sales Banked shs. 535,260

3rd: Bought Ribbons in cash shs.4, 500

8th: Paid Wangila ,a creditor shs. 94,000 by cheque in full settlement of his Account after deducting 6% cash discount

12th: Received a cheque for shs.58, 800 from Wetu after allowing her cash discount of shs.1, 200

15th: Paid salaries shs.34, 000 in cash

25th: Withdrew shs. 50,000 from bank for office use

28th: Anyango a debtor, paid her account of shs.75.000 by cheque less 10% cash discount.

30th: Deposits all the cash into Bank except shs. 13,700

Required: Prepare a **three** column cash Book as at 30th September 2006 **(10mks)**

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5a)Explain **five** measures that Kenya can take to solve the problem of unemployment. **(10 mks)**

b)Kenya is looking forward to the realization of vision 2030, explain five obstacles that may hinder the successful implementation of the development plan. **(10mks)**

6(a) Draw five differences between perfect competition and monopolistic competition **(10mks)**

(b) Explain five negative implications of production activities on the environment **(10mks)**

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BUSINESS STUDIES PP2 QUESTION PAPER NO: 09

1. (a) Explain **five** circumstances that can cause a business to succeed in their activities. **(10mks)**

(b) Explain **five** problems facing the savings and credit cooperative societies in Kenya. **(10mks)**

2. (a) A prudent tax system must meet certain essential qualities. Explain **five** indicators of a good tax system **(10mks)**

(b) Describe the procedure an insured must take when making an insurance claim**.** **(10mks)**

3. (a) Ondari intends to promote his products. Explain **five** factors that he must take into account when deciding on which method to use. **(10mks)**

(b) Explain **five** weaknesses of using national income statistics as a measure of social welfare. **(10mks)**

4. (a) Explain **five** factors that justify the existence of small scale firms in an economy. **(10mks)**

(b) Bartenge Enterprises started business on 1st May 2014 with Shs. 250,000 consisting of:

Cash at bank Shs.200,000, Cash in Hand Shs. 30,000 and Furniture Shs. 20,000.

The following transactions took place during the month of May.

3rd May 2014, Motor Van worth Shs. 85,000 and stock of Shs. 25,000 were bought on credit

6th May 2014, more stock worth shs.10,000 was bought by cash

9th May 2014, withdrew money from bank sh 50,000 for office use

15th May 2014, Sold stock at cost to a customer on credit for shs. 18,500

19th May 2014, received a cheque for the full settlement of a debt owed from the transaction of 15th may 2014

23rd May 2014, paid Shs. 65,000 by cheque for the motor van bought earlier on credit

31st May 2014, paid Shs. 20,000 cash for the stock bought on credit

Required:

Prepare the balance sheet of Bartenge Holdings as at 31st May 2014. **(10mks)**

5. (a) Explain **five** problems that are faced by a country with a big population of ageing persons. **(10mks)**

(b) Explain **five**difference between banking and non-banking financial institutions . **(10mks)**

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6. (a) Explain **four** reasons why upward communication should be encouraged in an organization.**(8mks)**

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

Lule Traders
Trial Balance
As at 30th April 2015

	Dr (Kshs.)	Cr (Kshs.)
Sales		186,000
Purchases	115,560	
Stock 1.5.2014	37,760	
Carriage outwards	3,260	
Carriage inwards	2,340	
Returns	4,400	3,550
Salaries	24,470	
Electricity	6,640	
Rent	5,760	
Sundry expenses	12,020	
Equipment	24,000	
Furniture	6,000	
Debtors	45,770	
Creditors		30,450
Bank	38,760	
Cash	1,200	
Drawings	20,500	
Capital		128,440
	348.440	348,440

Stock as at 30.4. 2015 Shs. 49,980

Required:

a) Trading, profit and Loss account for the year ended 30th April 2015 **(8mks)**

b) Balance sheet as at 30th April 2015 **(4mks)**

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BUSINESS STUDIES PP2 QUESTION PAPER NO: 10

1a) Explain **five** cannons of effective government expenditure. **(10mks)**

b) Uzima juice enterprises are considering marketing their imported goods direct to consumers. Outline five reasons that may be influencing them to make this decision. **(10mks)**

2a) Explain four features of direct production. **(8mks)**

b) Record the following transactions in the books of original entry of Tumaini traders as at 15th June 2010 and post to the relevant ledger accounts and balance them off.

- *Bought an office printer for shs. 200,000 from Seals Stationary shop on credit.*
- *Sales returns by Ouma traders worth 5,000 Credit note number cr.56 issued.*
- *Sold goods on credit sh. 500,00 to Sargar Traders invoice no. 78*
- *Sold goods shs. 900,000 cash to Mugo receipt no. 210 was issued*
- *Paid salaries sh. 50,000 by cheque no. 589* **(12mks**

3 a) Explain the procedure that is used in personal selling. **(10mks)**

b) With the aid of suitable diagrams explain the difference between a movement and a shift in the demand curve. **(10mks)**

4 a) Explain five limitations of a trial balance as a tool of locating bookkeeping errors **(10mks)**

b) Explain five factors that could hasten economic development in Kenya **(10mks)**

5 a) Explain five differences between a public warehouse and a private warehouse **(10mks)**

b) The trial balance given below relates to Crown Enterprises

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CROWN ENTERPRISES
TRIAL BALANCE
ON 31ST DECEMBER 2011

	Dr	Cr
Capital		**900,000**
Buildings	**450,000**	
Debtors	**536,000**	
Creditors		**600,000**
Bank	**200,000**	
Cash	**80,000**	
Purchases	**1,000,000**	
Sales		**1,500,000**
Stock (1/1/2011)	**550,000**	
Returns inwards	**20,000**	
Carriage inwards	**8,500**	
Discount allowed	**50,500**	
Salaries and Wages	**285,000**	
Commission income		**150,000**
Returns outwards		**30,000**
	3,180,000	**3,180,000**

Stock on 31st December 2011 was valued at Sh. 350,000
Required: Crown Enterprises Trading Profit and Loss account **(10mks)**

6. (a) Explain **SIX** measures that the Government of Kenya may take to control her persistent Balance of payment deficit. **(12mks)**

(b) Outline **FOUR** differences between endowment policy and whole life policy. **(8 mks)**

Prefer Calling Amobi Group of Examiners @ 0743 333 000 or 0706 851 439 for Marking Schemes

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