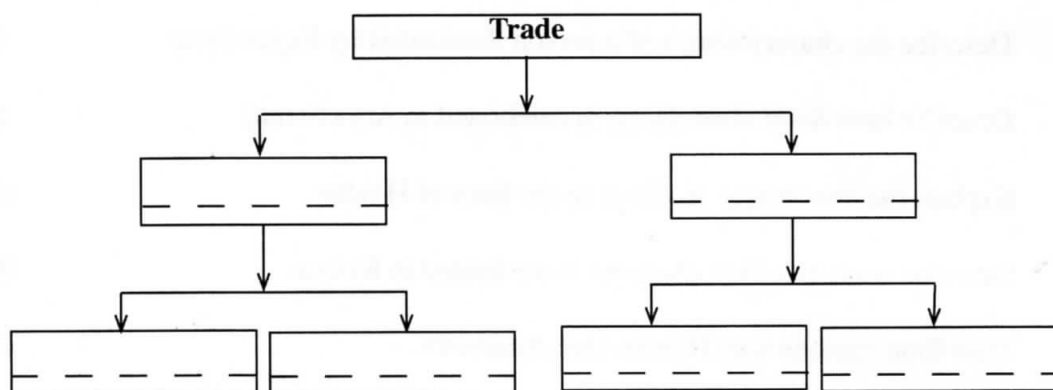


4.6 BUSINESS STUDIES (565)**4.6.1 Business Studies Paper 1 (565/1)**

- 1 Outline **four** ways in which business studies may be of benefit to an individual. (4 marks)
- 2 Highlight **four** external factors that may negatively influence the operations of a business. (4 marks)
- 3 State **four** characteristics of a successful entrepreneur. (4 marks)
- 4 State **four** functions of an office. (4 marks)
- 5 Fill the relevant branches of trade in the diagram given below: (3 marks)



- 6 The participants in a two sector economy are households and firms. Identify the relevant participant in each of the statements given below: (4 marks)

| Statement | Participant |
|--------------------------------------|-------------|
| a. payment for goods and services | a. |
| b. sale of factors of production | b. |
| c. payment for factors of production | c. |
| d. sale of goods and services | d |

- 7 The following balances were extracted from the books of Wekesa Traders on 31st December, 2009.

| Items | Shs |
|---------------|---------|
| Capital | 500,000 |
| Cash in hand | 20,000 |
| Buildings | 200,000 |
| Furniture | 25,000 |
| Motor vehicle | 400,000 |
| Creditors | 18,000 |
| Debtors | 36,000 |
| Bank | 100,000 |
| Bank loan | 263,000 |

Using the above information, prepare Wekesa Trader's Trial Balance on 31st December, 2009. (5 marks)

- 8 The following information relates to Karibu traders for the year ended 31st December 2008.

| Details | Shs |
|---------------------|-----------|
| Fixed assets | 1,840,000 |
| Current assets | 400,000 |
| 6 year bank loan | 600,000 |
| Current liabilities | 150,000 |

- Determine owner's capital using the information given above. (4 marks)
- 9 State the type of unemployment relating to each of the following descriptions: (4 marks)
- Caused by alternating trading patterns occurring at similar times.
 - Arises where workers have more skills and higher qualifications than the job requirements.
 - Arises out of a mismatch between the skills possessed by potential employees and the location of the jobs available.
 - Arises when people are unwilling to take up jobs due to low pay.
- 10 Highlight **four** circumstances under which the capital of a business may change. (4 marks)
- 11 Below are some entries in the cash book of Romano Traders for the month of July 2010.

| Dr | | | | CASH BOOK | | | | Cr | | | |
|----------------|---------|---------------|---------------|-----------|---------|---------------|---------------|------|---------|---------------|---------------|
| Date (2010) | Details | Cash (Shs) | Bank (Shs) | Date | Details | Cash (Shs) | Bank (Shs) | Date | Details | Cash (Shs) | Bank (Shs) |
| July 1 | Bal b/d | 15,000 | | July 1 | Bal b/d | | 100,000 | | | | |
| July 6 | Cash | | 20,000 | July 6 | Bank | 20,000 | | | | | |
| July 20 | Sales | | 15,000 | July 15 | Wages | 5,000 | | | | | |
| July 28 | Debtors | 20,000 | | July 29 | Stock | | 10,000 | | | | |
| | | | | July 31 | Bal c/d | 10,000 | | | | | |

State the meaning of the following entries: (4 marks)

- July 1, 2010 Balance b/d, bank column, shs 100,000
- July 6, 2010 cash shs 20,000 and bank shs 20,000
- July 28, 2010 debtors shs 20,000
- July 31, 2010 Balance c/d shs 10,000

- 12 Outline **one** circumstance under which each of the following source documents may be issued by a trader: (4 marks)
- (a) Debit note
- (b) Invoice
- (c) Credit note
- (d) Quotation
- 13 Name **four** documents that may be required by the registrar of companies in order to register a public limited company. (4 marks)
- 14 Outline **four** measures that a country can take to reduce the level of inflation. (4 marks)
- 15 Outline **four** factors that may make a producer to by-pass the wholesaler when distributing goods. (4 marks)
- 16 Highlight **four** benefits that a country would get by developing her infrastructure. (4 marks)
- 17 State **four** benefits of a bonded warehouse to the government. (4 marks)
- 18 Outline **four** qualities of a successful salesperson. (4 marks)
- 19 Highlight **four** factors that may cause the supply curve to shift to the right. (4 marks)
- 20 Outline **four** positive effects that production activities may have on community health. (4 marks)
- 21 State **four** basic features of a market. (4 marks)
- 22 Outline **four** features of a parastatal. (4 marks)
- 23 Outline **four** circumstances in which the government may be involved in business. (4 marks)
- 24 Highlight **four** factors that a trader may consider when choosing a means of transport. (4 marks)
- 25 State **four** reasons for privatizing public corporations. (4 marks)

4.6.2 Business Studies Paper 2 (565/2)

- 1** (a) Explain **five** benefits that may accrue to a country with a large proportion of skilled labour force. (10 marks)
- (b) Outline **five** characteristics of an efficient tax system. (10 marks)
- 2** (a) Explain **five** benefits that Kenya may get as a member of C.O.M.E.S.A. (10 marks)
- (b) Explain **five** factors that may hinder economic development in Kenya. (10 marks)
- 3** (a) Explain **five** benefits that may be realized by a country as a result of government policy to relocate industries to rural areas. (10 marks)
- (b) The following balances were extracted from the books of Soilo Traders on 31st December 2010.

| | Shs |
|------------------|-----------|
| Machinery | 360,000 |
| Furniture | 430,500 |
| 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 2010. (5½ marks)
- (ii) Balance sheet as at 31st December 2010. (4½ marks)

- 4 (a) Explain **five** advantages of advertising to the consumer. (10 marks)

- (b) On 1st January 2011, Jumo Traders had shs 22,500 in cash and shs 250,000 at bank. During the month, the following transactions took place:

| | | |
|----------|---|--|
| 2nd Jan. | – | Made cash sales of shs 465,200 |
| 5th Jan | – | Received a cheque for shs 451,250 from Kamau Traders in full settlement of their debt after allowing a 5% cash discount. |
| 15th Jan | – | Paid Ndaru Traders Shs 184,000 in cash after deducting a cash discount of shs 16,000 |
| 20th Jan | – | Deposited shs 200,000 from the cash till into the bank |
| 25th Jan | – | Paid wages shs 144,000 in cash |
| 28th Jan | – | Settled Mbago Trader's account of Shs 300,000 by cheque, less 15% cash discount |
| 29th Jan | – | Withdrew shs 250,000 from the bank for office use |
| 30th Jan | – | Deposited all the cash into the bank, except shs 59,700. |

Prepare a duly balanced three column cash book. (10 marks)

- 5 (a) Outline **six** circumstances under which a trader may use air transport. (12 marks)

- (b) Explain **four** ways through which a public limited company may be dissolved. (8 marks)

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

- (b) Explain **five** features of oligopoly. (10 marks)