

**29.29 BUSINESS STUDIES (565)**

**29.29.1 Business Studies Paper 1 (565/1)**



**1** In the spaces provided below, indicate the type of utility created by each of the following commercial activities:

**(4 marks)**

<b>Commercial activity</b>	<b>Type of utility</b>
(i) Selling goods to customers;	.....
(ii) Transporting goods;	.....
(iii) Storekeeping;	.....
(iv) Making a chair.	.....

**2** Give five reasons why the government may find it necessary to start a parastatal.

**(5 marks)**

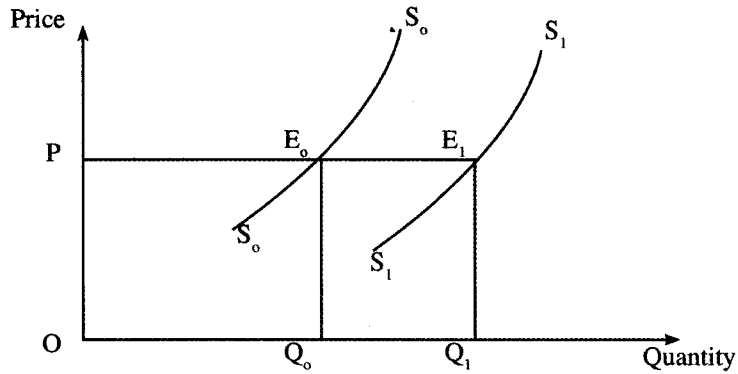
- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....
- (v) .....

**3** Name the types of warehouses associated with each of the statements given below:

**(4 marks)**

<b>Statement</b>	<b>Type of warehouse</b>
(i) Goods can be stored before payment of customs duty.	.....
(ii) Individuals can hire storage facilities.	.....
(iii) Goods are stored from several manufacturers.	.....
(iv) Specialised goods are stored	.....

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



Outline **four** factors that may have caused the shift in the supply curve from  $S_0$  to  $S_1$ . (4 marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

5 The balances given below relate to Enotika Traders for the year ended 31st December 2008.

	Shs
Capital	?
2 year bank loan	230,020
Creditors	95,200
Fixed assets	480,000
Current assets	145,220

Prepare a balance sheet as at 31st December 2008. (5 marks)

6 Give **two** reasons why a three column cashbook is used both as a journal and a ledger. (4 marks)

- (i) .....
- (ii) .....

7 The management of national debt, credit control and lender of last resort are some of the functions of the Central Bank. Match these functions with the statements given below. (3 marks)

	Statement	Function
i.	Repayment of Government securities as they mature.	
ii.	Receipt of treasury bills to secure loans.	
iii.	Directing commercial banks on the preferred sectors to lend money.	

8 State the meaning of the following terms of sale as used in international trade: (4 marks)

- (i) LOCO .....
- (ii) C.I.F. ....
- (iii) F.A.S. ....
- (iv) F.O.Q .....

9 The manager of Tasa Limited constantly walks around various departments. State four merits of this style of management. (4 marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

10 State four reasons why the government should create an enabling environment for investors. (4 marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

11 Outline four differences between insurance and assurance. (4 marks)

Insurance	Assurance
(i) .....	(i) .....
.....	.....
(ii) .....	(ii) .....
.....	.....
(iii) .....	(iii) .....
.....	.....
(iv) .....	(iv) .....
.....	.....

12 State four factors that may influence the level of national income. (4 marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

13 Outline the difference between cash and credit transactions. (2 marks)

14 The terms capital employed, working capital, owner's equity and borrowed capital are types of capital found in a business. Match each of the statements given below with the relevant type of capital. (3 marks)

Statement	Type of capital
(i) Resources invested into the business by the owner.	.....
(ii) Excess of current assets over current liabilities.	.....
(iii) Amount invested into the business by outsiders.	.....

15 Outline **four** ways in which government expenditure may stabilize the economy of a country. (4 marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

16 State **four** problems associated with development planning. (4 marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

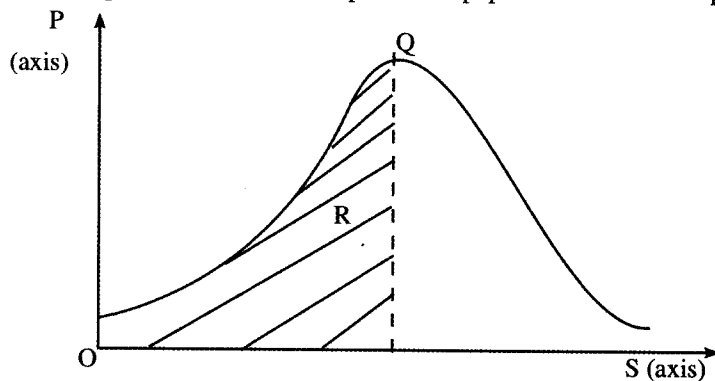
17 State **four** services that a wholesaler may offer to a manufacturer. (4 marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

18 State **four** reasons why flower exporters would transport their produce by air rather than by sea. (4 marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

19 The diagram below represents the relationship between population and income per capita.



State what is represented by P and S axes, and letters R and Q. (4 marks)

- (i) P (axis) .....
- (ii) S (axis) .....
- (iii) R .....
- (iv) Q .....

20 The following information was extracted from the books of Helen Traders;

	1/1/2008	31/12/2008
	Shs	Shs
(i) Salaries pre-paid	24,800	52,400
(ii) Salaries paid	-	48,200

Prepare a salary expense account using the above information. (5 marks)

21 State four circumstances under which one may decide to start a personal business.

(4 marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

22 Highlight four ways in which a business idea can be implemented.

(4 marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

23 Outline five measures that a manager can take to improve the working environment in the office.

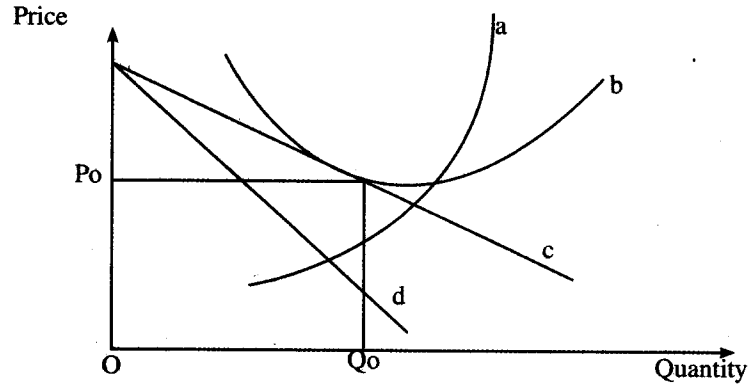
(5 marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

24 Highlight **four** challenges that a person may encounter when using a cellphone (mobile phone). (4 marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

25 The diagram below represents the long-run equilibrium of a firm under monopolistic competition.



Name the curves represented by the letters a, b, c, and d. (4 marks)

- (i) a is .....
- (ii) b is .....
- (iii) c is .....
- (iv) d is .....

**29.29.2 Business Studies Paper 2 (565/2)**

- 1 (a) Commodities A and B are substitutes. Using two diagrams, explain how an increase in the supply of commodity A will affect the equilibrium price and quantity demanded of commodity B. (10 marks)
- (b) Explain **five** negative effects that inflation may have on the economy of a country. (10 marks)
- 2 (a) Describe **five** principles that distinguish co-operative societies from other forms of business organizations. (10 marks)
- (b) Explain **five** ways of making face-to-face communication effective. (10 marks)
- 3 (a) The following balances were extracted from the books of K100 Traders for the year ended 30th June 2008.

Item	shs.
Stock on 1st July 2007	80,200
Discount received	7,500
Furniture	3,000,000
Motor vehicle	690,000
Returns inwards	5,800
Returns outwards	20,800
Debtors	316,800
Creditors	510,400
Purchases	1,120,000
Carriage on sales	12,700
Carriage on purchases	40,000
Lighting	15,000
Sales	1,880,000
Insurance	4,000
Repairs	230,000
Water bill	250,000
General expenses	56,700
Cash	80,000
Capital	4,000,000
Bank	520,000
Bank overdraft	2,500

Additional information:

- (i) Stock on 30th June 2008 was valued at shs 120,000.

Prepare:

- (i) Trading, Profit and Loss accounts for the year ended 30th June 2008. (9 marks)
- (ii) Balance sheet as at 30th June 2008. (5 marks)
- (b) Explain **three** factors that should be considered when choosing a means of transport. (6 marks)



- 4 (a) Explain **five** benefits that a member country may get from economic integration. (10 marks)
- (b) The information in the table below relates to product ZX whose unit price in the market is Shs 20.00.

Units Produced (in tones)	Total Fixed cost (Shs)	Total Variable cost (Shs)	Total Cost (Shs)	Total Average Cost (Shs)	Marginal Cost (Shs)
0	200	0			
10	200	50			
20	200	80			
30	200	100			
40	200	140			
50	200	200			

Required:

- (i) Determine total costs, total average costs, and marginal costs at each level of output. (8 marks)
- (ii) Determine the units to be produced in order to maximize profits. (2 marks)
- 5 (a) Discuss **five** problems that a country may face when measuring her national income using the output approach. (10 marks)
- (b) Explain **five** factors that an entrepreneur would consider when evaluating a business idea. (10 marks)
- 6 (a) Discuss **five** benefits that a customer may get by using Automated Teller Machines (ATMs) for financial transactions. (10 marks)
- (b) Amina operates a fleet of Public Service Vehicles (PSVs). Explain **five** possible risks she can insure her business against. (10 marks)