

# FORM FOUR CLUSTER KCSE MODEL2

## BUSINESS STUDIES PAPER 1 QUESTIONS

**Answer all questions**

1. Give four after sale services that a manufacturing firm may offer to its customers.
  - a) .....
  - b) .....
  - c) .....
  - d) .....
  
2. Outline four factors that may influence people to hold money for transaction purpose.
  - a) .....
  - b) .....
  - c) .....
  - d) .....
  
3. Write three differences between a parastatal and a public corporation,

	A parastatal	A public corporation
a)		
b)		
c)		

4. The following balances relates to Corner Mbaya Traders as at 31st December 2014

Ksh

Net profit 31,000  
 Debtors 24,000  
 Stock 31st December 2014 18,000  
 Creditors 20,000  
 Bank overdraft 5,000  
 Machinery 75,000  
 Furniture 49,000  
 Capital 110,000

Stock 1st January 2014 12,000

Prepare Corner Mbaya Traders balance sheet as at 31st December 2014

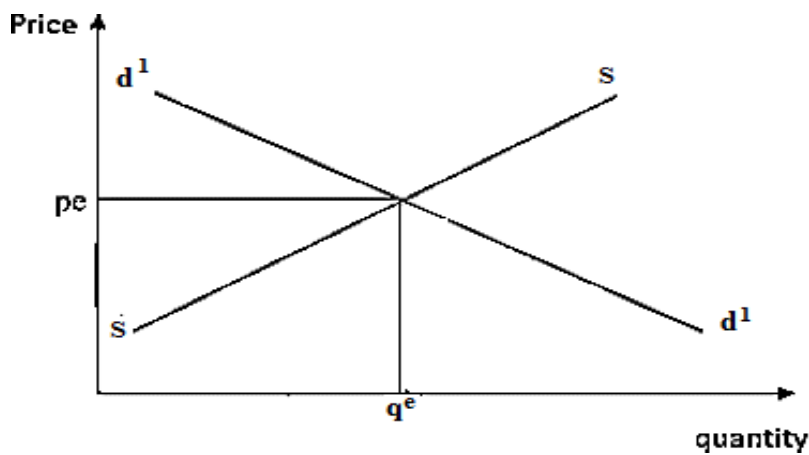
5. Outline four circumstances under which a producer may distribute goods directly to consumers.

- a) .....
- b) .....
- c) .....
- d) .....

6. Highlight four differences perfect competition and monopolistic competition

	Perfect competition	Monopolistic competition
a)		
b)		
c)		
d)		

7. The following diagram shows the demand and supply curves of a commodity.



- i) Indicate on the diagram an increase in demand of the commodity while the supply remains constant.
- ii) State the effects on equilibrium price and quantity.

a) .....

b) .....

8. Identify the branches of Business Studies described in the following statements.

a) Specializes in organizational clerical work, keeping information.....

b) A study of classification, analysis and evaluation of business worthiness.....

c) Examines auxiliary services and exchange of goods and services.....

d) Focuses on acquiring knowledge and skills of identifying, acquiring resources and implementing business opportunities.....

9. The following information was extracted from Muindi traders as at 30th August 2011.

Sh

Sales 440,000

Cost of sales 160,000

Sales returns 40,000

Required; calculate the margin

10. Outline four circumstances under which human wants can fully be satisfied.

a) .....

b) .....

c) .....

d) .....

11. State four benefits of a good filling system.

a) .....

b) .....

c) .....

d) .....

12. Classify each of the following activities as either belonging to primary, secondary or tertiary production in the spaces provided.

Activities	Classification
a) Packaging maize	
b) Selling maize locally	
c) Harvesting rain water	

13. State four factors that one should consider in evaluating whether a business location would be suitable in an area.

- a) .....
- b) .....
- c) .....
- d) .....

14. Highlight four factors that may encourage traders to use containers to transport their cargo in Kenya.

- a) .....
- b) .....
- c) .....
- d) .....

15. Name the type of ledger and account to which each of the following information would be posted:

Account	Type of ledger book	Type of ledger account
a) Totals of journal purchases		
b) Each item entered in return inward journal		
c) Totals of debtors journal		
d) Purchase of motor in cash		

16. State four circumstances under which sign as a means of communication may be used in a business operation.

- a) .....
- b) .....

c) .....

d) .....

17. Outline four ways in which licensing may assist the government to regulate business activities in the country.

a) .....

b) .....

c) .....

d) .....

18. The cash book below is incorrectly prepared Two column cashbook

Date	Details	Cash	bank	Date	details	Cash	Bank
2012				2012			
Jan 1	Bal b/d	1400		Jan 1	Bal b/d		2500
Jan 3	Purchases		3500	Jan 4	<u>Penina</u>	800	
Jan 5	Rent paid	1000		Jan 10	Electricity		700
	<u>Nedi</u> (Creditor)	1130		Jan 12	Mary (debtor)	1200	
				Jan 19	Rent received	1400	
					Bal b/d		1430
		3400	4630			3400	4630

Identify five transactions that were wrongly entered in the cash book and state the error.

a) .....

b) .....

c) .....

d) .....

19. Highlight four disadvantages of an ageing population.

a) .....

b) .....

c) .....

d) .....

20. State four advantages of operating a time deposit account with commercial banks.

a) .....

b) .....

- c) .....
- d) .....

21. In the spaces provided, write the type of warehouse to which each description refer to.

Description	Type of warehouse
a) Used to store exports and imports awaiting customs clearance.	
b) Anybody can rent space for storing goods temporarily.	
c) Operated for storing goods temporarily.	
d) Owned and operated by manufacturers.	

22. The following information relates to Kakali Traders as at 30th June 2013.  
Details Shs.

Purchases 550,000

Opening stock ?

Closing stock 140,000

Sales 720,000

Mark up 20%

Required: Prepare Kakali Traders' trading account for year ended 30th June 2013.

23. Outline the stages followed in effecting an insurance policy.

- a) .....
- b) .....
- c) .....
- d) .....

24. State four merits of indirect taxes to the taxpayer.

- a) .....
- b) .....
- c) .....
- d) .....

25. Outline four factors that should be considered when determining the type of office layout for an organization.

- a) .....
- b) .....
- c) .....
- d) .....