

# FORM FOUR CLUSTER KCSE MODEL 3

## BUSINESS STUDIES PAPER 1 QUESTIONS

1. Indicate the term used to describe the following statements.

a	A company that acquires 51% more shares of another company	
b	A business that takes over another business by buying of all its assets and liabilities	
c.	Inability of a business to meet its financial obligations	
d.	A business grants another, rights to manufacture and distribute its branded products using its name	

2. State FOUR problems which are encountered when using output approach to compute national income of a country.

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

3. State FOUR problems which are encountered when using output approach to compute national income of a country.

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

4. State four sources of monopoly power in the market.

- (i) .....

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(ii)

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(iii)

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(iv)

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5. Outline four expenses a wholesaler who buys goods from a producer incurs

(i)

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(ii)

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(iii)

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(iv)

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6. State whether the following factors relate to internal or external business environment. .

(a) Physical facilities of the business.....

(b) Government taxation.....

(c) Health and safety laws.....

(d) Management style.....

7. Highlight four circumstances under which business enterprises may chose to merge.

(i)

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(ii)

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(iii)

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(iv)

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8. The following information relate to Kebo traders.

Average stock Kshs.200, 000

Rate of stock turnover 6 times

Margin 25%

From the information above, determine

(a) The cost of sales

(b) Gross profit.

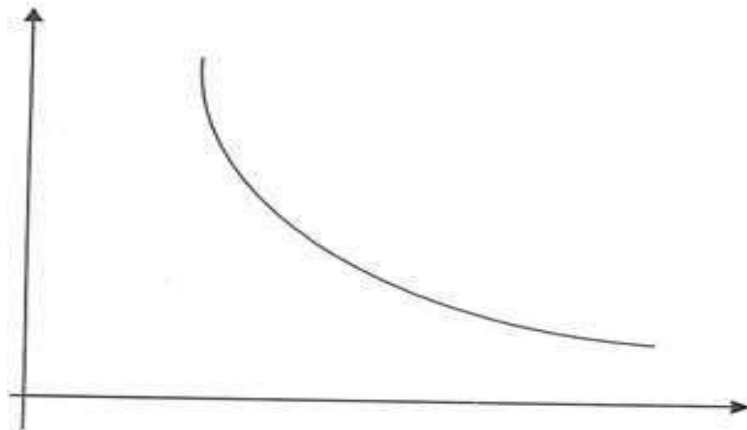
(c) Sales.

9. The following Trial balance was incorrectly prepared by a book keeper

Required: Prepare a current Trial balance

Siaya traders		
Trial balance		
As at 30 <sup>th</sup> May 2014		
	Dr	Cr
Capital	247,000	
Stock	60,000	
Debtors	22,000	
Creditors		45,000
Sales	120,000	
Purchases		80,000
Fixed Assets		250,000
	<u>247,000</u>	<u>375,000</u>

10. The diagram below shows the demand curve of a bread in the market; on the diagram show the effect of an increased price of bread, other factors remain constant.



11. Highlight FOUR activities that may be carried out in a stock exchange market.

(i)

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(ii)

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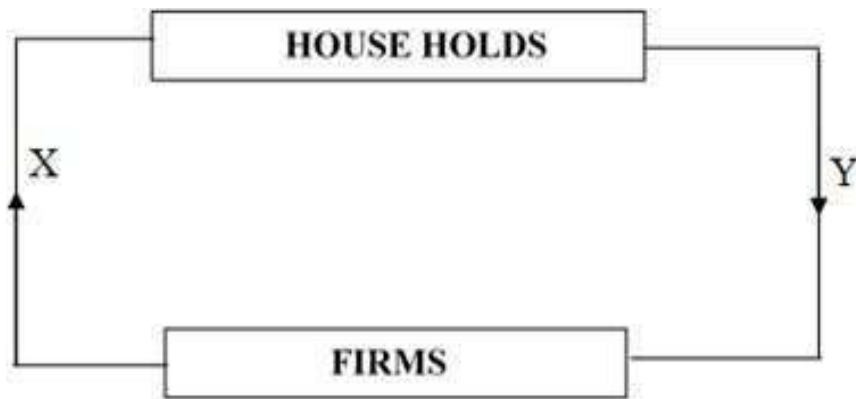
(iii)

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(iv)

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12. The following diagram represents the circular flow of income in a two sector closed economy.



Identify TWO factors represented by each of the arrows labeled x and y.

(i)

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(ii)

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(iii)

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(iv)

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13. Fill in the missing figures in the tables below.

	<b>FA</b>	<b>CA</b>	<b>C</b>	<b>L</b>
a)	275,500	.....	315,000	115,500
b)	182,000	108,700	.....	217,100
c)	313,450	211,340	189,170	.....
d)	.....	76,400	123,100	91,900

**14. Outline FOUR functions of the (IBRD) –International Bank for Reconstruction and Development.**

(i) .....

(ii) .....

(iii) .....

(iv) .....

**15. Outline FOUR functions of the (IBRD) –International Bank for Reconstruction and Development.**

(i) .....

(ii) .....

(iii) .....

(iv) .....

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**16. Highlight FOUR reasons why itinerant traders are increasingly becoming popular in Kenya today.**

**(i)** .....

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**(ii)** .....

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**(iii)** .....

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**(iv)** .....

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**17. Highlight FOUR roles of commercial attaches' in trade promotion.**

**(i)** .....

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**(ii)** .....

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**(iii)** .....

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**(iv)** .....

**18. Highlight FOUR measures that the government of Kenya may take to reduce the mortality rate in**

**the Country.**

**(i)** .....

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**(ii)** .....

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(iii) .....

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(iv) .....

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**19. Highlight FOUR measures that the government of Kenya may take to reduce the mortality rate in the Country.**

(i) .....

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(ii) .....

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(iii) .....

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(iv) .....

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**20. Highlight FOUR problems of development planning that a country may experience.**

(i) .....

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(ii) .....

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(iii) .....

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(iv) .....

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**21. Outline ONE circumstance when each of the following telecommunication service may be used.**

**(a) Paging** .....

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**(b) Faximile (fax)** .....

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**(c) Radio call** .....

**22. Highlight FOUR merits of promoting sales through the internet.**

**(i)**  
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**(ii)**  
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**(iii)**  
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**(iv)**  
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**23. Give the difference between the following;**

**(a) Double insurance and co-insurance.**

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**(b) Premiums and surrender value**

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**24. Highlight FOUR circumstances when air transport is appropriate.**

**(i)**

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**(ii)**

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**(iii)**

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**(iv)**

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**25. Outline FOUR features of indirect production.**

**(i)**

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**(ii)**

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**(iii)**

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**(iv)**

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