FORM FOUR CLUSTER KCSE MODEL5

BUSINESS PAPER 1 QUESTIONS

1. State (4) FOUR characteristics of economic resources. (4mks)

   i) ………………………………………………………………………………………

   ii) ………………………………………………………………………………………

   iii) ………………………………………………………………………………....................

   iv) ………………………………………………………………………….....................

2. Indicate in the table the type of advertisement described. (4mks)

Description	Type of advertisement.
a) Used to promote a company name/image.	
b) Where a product is advertised using a popular person.	
c) Seeks to promote the sales of a new or existing product.	
d) Where the emphasis is to give full information about a product.	

3. Highlight (4) FOUR reasons why most banks are moving towards Land Scape type of structure.

   i) ………………………………………………………………………......................

   ii) ………………………………………………………………………………..

   iii) ………………………………………………………………………………..

   iv) ………………………………………………………………………………..

4. Give (4) FOUR reasons why small scale firms such as Legal services, continue to exist in an economic dominated by large scale firms. (4mks)

   i) ………………………………………………………………………………..

   ii) ………………………………………………………………………………..

   iii) ………………………………………………………………………………..

   iv) ………………………………………………………………………………..

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5. Outline (4) four positive effects of inflation in an economy. (4mks)

   i) ………………………………………………………………………………..

   ii) ………………………………………………………………………………..

   iii)   …………………………………………………………………………..

   iv)   …………………………………………………………………………..

6. With an aid of a diagram, show the effects of an increase in supply on equilibrium price and equilibrium quantity. (4mks)

7. Identify (4) FOUR challenges that a country may face in the process of implementing its development plan. (4mks)

   i) ………………………………………………………………………………...

   ii) ………………………………………………………………………………...

   iii) ………………………………………………………………………………..

   iv) ………………………………………………………………………………..

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8. Highlight any (4) FOUR contents of a Memorandum of Association. (4mks)

i) ……………………………………………………………………………………...

ii) ……………………………………………………………………………………...

iii)   ……………………………………………………………………………………...

iv)   ……………………………………………………………………………………...

9. The following information relates to BILENGE TRADERS for the year ended 31st December 2015.

	Kshs.
Motor vehicle	1,840,000
Stock	400,000
Unpaid salaries	100,000
Rent income in advance	80,000
5 years I.C.D.C Loan	60,000
Bank overdraft	150,000

Required:

Prepare Trading account for the year (4mks)

10. Outline (4) FOUR benefits of a public warehouse to traders. (4mks)

i) ……………………………………………………………………………………..

ii) ……………………………………………………………………………………...

iii)   ……………………………………………………………………………………...

iv)   ……………………………………………………………………………………...

11. Show FOUR (4) differences between Banks and Non-Bank Financial Institutions. (4mks)

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BANKS	NON-BANK INSTITUTIONS
a)	a)
b)	b)
c)	c)
d)	d)

12.

13. . The establishment of Kibabii University has transformed the lives of the surrounding community. outline (4) FOUR business opportunities which the community is benefiting from that University. (4mks)

i) ………………………………………………………………………………...

ii) ………………………………………………………………………………...

iii)   ………………………………………………………………………………...

iv)   ………………………………………………………………………………...

14. .The following information given below relates to KIKWETU GENERAL STORES for the year ended 31st December 2014. (4mks)

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	Kshs
Sale	950,000
Purchases	640,000
Opening Stock	70,000
Closing Stock	68,000
Returns Inwards	150,000
Return Outwards	140,000

Required:

Prepare Trading account for the year

15. State (4) FOUR sources of monopoly power. (4mks)

i) …………………………………………………………………………………………..

ii) …………………………………………………………………………………………...

iii)   ……………………………………………………………………………………….…

iv)   ………………………………………………………………………………………..…

16. Highlight (4) FOUR essential elements for effective communication (4mks)

i) …………………………………………………………………………………………..

ii) …………………………………………………………………………………………...

iii)   ………………………………………………………………………………………..…

iv)   ………………………………………………………………………………………..…

17. Identify the levels of production described by the statements below. 4MKS

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STATEMENT	LEVEL OF PRODUCTIO
a) Mr. Sotari looking after his animals by the river bank.	
b) Lawyer Nancy appearing in court of law to represent Mr.Barasa.	
c) California Construction Company putting up a dormitory for Miluki Girls Sec.School.	
d) North Rift Shuttle Sacco transporting people from Nairobi to Bungoma.	

18. State whether each of the following factors fall under Micro-environment or Macro-environment. (4mks)

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a) Competitive Environment ……………………………………………………………………

b) Legal-political environment ……………………………………………………………….

c) Business structure …………………………………………………………………………….

d) Business culture ………………………………………………………………………………

19. The following information relates to BILENGE TRADERS for the months of May 2015.Prepare his cash book and balance it off. (5mks)

2015
May
3rd – Sold goods for Kshs 45,000 in cash.
10th – Banked Kshs 15,000.
15th –Bought goods worth Kshs 10,000 on credit.
25th –withdrew Kshs 2,000 from the bank for personal use.

20. The county government of Bungoma has embarked on lighting major streets in towns.

List any (3) Three benefits to the traders operating their business in these towns. (3mks)

i) ……….

ii) ……

iii) …….

21. Show the effects of the transactions listed below on capital:

a) Additional investment …………………………………………………………………….

b) Profits ……………………………………………………………………………………..

c) Drawings ………………………………………………………………………………….

d) Bank loan ………………………………………………………………………………….

22. Explain the meaning of the following basic concepts of population. (4mks)

a) Population growth rate
……...
……...

b) Fertility rate …………………………………………………………………………………………...
……...

c) Ageing population …………………………………………………………………………………………………..
……...

d) Under population …………………………………………………………………………………………………
……….

23. Explain the use of the following columns in the Ledger accounts. (4mks)

a) Amount column …………………………………………………………………………………………………...

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……………………………………………………………………………………………………….

    b) Date Column. ……………………………………………………………………………………………….
………..

    c) Details/particular column.
…….
…….

    d) Folio column. ……………………………………………………………………………………………………
…….

24.   State (4) FOUR benefits of economic integrations to the countries of East Africa. (4mks)

    i) ………………………………………………………………………………………………..

    ii) ……………………………………………………………………………………………...

    iii)   ………………………………………………………………………………………………...

    iv)   ………………………………………………………………………………………………...

25.   . Outline the procedure followed when taking out an insurance cover. (4mks)

    i) ………………………………………………………………………………………………..

    ii)   ………………………………………………………………………………………………...

    iii)   ………………………………………………………………………………………………..

    . iv) ………………………………………………………………………………………………...

26.   Identify own (4) FOUR features of a tied shop. (4mks)

    i) ………………………………………………………………………………………………..

    ii) ………………………………………………………………………………………………...

    iii)   ………………………………………………………………………………………………...

    iv)   ………………………………………………………………………………………………...

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