INSTRUCTIONS TO CANDIDATE’S
This paper consists of 25 questions.
Answer ALL the questions in the spaces provided below each question.

FOR EXAMINER’S USE ONLY:

<table>
<thead>
<tr>
<th>Question</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marks</td>
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</tbody>
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<table>
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<tr>
<th>Question</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
<th>19</th>
<th>20</th>
<th>21</th>
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<th>25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marks</td>
<td></td>
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</tr>
</tbody>
</table>

TOTAL MARKS
Business Studies Paper 1

1. State whether each of the following activities would satisfy basic or secondary wants. (4 marks)

<table>
<thead>
<tr>
<th>Activities</th>
<th>Basic</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Buying clothes for the family.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Transporting milk.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) Providing food for school children.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d) Entertaining the President.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Outline four reasons why a new business may fail. (4 marks)

   (a) ______________________________________________________
   (b) ______________________________________________________
   (c) ______________________________________________________
   (d) ______________________________________________________

3. Outline four advantages a consumer enjoys when he/she buys directly from a manufacturer. (4 marks)

   (a) ______________________________________________________
   (b) ______________________________________________________
   (c) ______________________________________________________
   (d) ______________________________________________________

4. Highlight four reasons that make a current account popular among the business people. (4 marks)

   (a) ______________________________________________________
   (b) ______________________________________________________
   (c) ______________________________________________________
   (d) ______________________________________________________
5. Boda boda/motorcycles have become popular in Kenya today. Outline four demerits of this mode of transport. (4 marks)

(a) ____________________________________________________________

(b) ____________________________________________________________

(c) ____________________________________________________________

(d) ____________________________________________________________

6. Highlight four circumstances under which deferred payment is acceptable to a trader. (4 marks)

(a) ____________________________________________________________

(b) ____________________________________________________________

(c) ____________________________________________________________

(d) ____________________________________________________________

7. Give four reasons why the government should impose taxes upon its citizens apart from raising revenue. (4 marks)

(a) ____________________________________________________________

(b) ____________________________________________________________

(c) ____________________________________________________________

(d) ____________________________________________________________
8. State the best type of machine one would use to perform the following tasks. (4 marks)

<table>
<thead>
<tr>
<th>Function</th>
<th>Type of machine</th>
</tr>
</thead>
<tbody>
<tr>
<td>To trim papers to the required sizes.</td>
<td></td>
</tr>
<tr>
<td>To fold documents, put them in envelopes and seal team.</td>
<td></td>
</tr>
<tr>
<td>To make exact copies of a certain original document.</td>
<td></td>
</tr>
<tr>
<td>To arrange papers in a required order.</td>
<td></td>
</tr>
</tbody>
</table>

9. Outline four factors that may cause the supply curve to shift to the left. (4 marks)

(a) 

(b) 

(c) 

(d) 

10. Kiganjo Traders had the following balances as at 31st December, 2014.

<table>
<thead>
<tr>
<th>Capital (1st December, 2014)</th>
<th>Sh. 350,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional investments</td>
<td>100,000</td>
</tr>
<tr>
<td>Drawings each month</td>
<td>48,000</td>
</tr>
<tr>
<td>Capital (31st Dec’ 2014)</td>
<td>470,000</td>
</tr>
</tbody>
</table>

Determine the profit for the year. (4 marks)

11. Outline four features of direct production. (4 marks)

(a) 

(b) 

(c)
12. State four ways in which, the government of Kenya may reduce the level of unemployment. (4 marks)

(a) 

(b) 

(c) 

(d) 

13. State four benefits of registering a company with the stock exchange market. (4 marks)

(a) 

(b) 

(c) 

(d) 

14. The following balances relates to the retail business of Omondi for the month of July 2012.

Sales 50,000
Expenses 10% of sales
Cost of goods sold 40,000

Calculate:

(i) Mark up. (1 mark)
(ii) Margin. (1 mark)
(iii) Total expenses. (1 mark)
(iv) Net profit. (1 mark)
15. State **four** uses of a bill of lading in international trade. (4 marks)

(a) ____________________________________________________________

(b) ____________________________________________________________

(c) ____________________________________________________________

(d) ____________________________________________________________

16. Outline **four** circumstances under which insurance companies in Kenya may reinsure. (4 marks)

(a) ____________________________________________________________

(b) ____________________________________________________________

(c) ____________________________________________________________

(d) ____________________________________________________________

Business Studies Paper 1 5 Cekenas Joint Mock

17. For each of the following transactions, state the account to be debited and account to be credited. (4 marks)

<table>
<thead>
<tr>
<th>Transactions</th>
<th>A/c debited</th>
<th>A/c credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) The owner brought in cash from private sources.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) Bought goods and paid by cheque.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii) Withdrew cash for personal use.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iv) Paid a creditor by cheque.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
18. State **four** ways in which the utility of a commodity can be increased. (4 marks)
   (a) _______________________________________________________
   (b) _______________________________________________________
   (c) _______________________________________________________
   (d) _______________________________________________________

19. Identify **four** benefits that may accrue from political stability in a country. (4 marks)
   (a) _______________________________________________________
   (b) _______________________________________________________
   (c) _______________________________________________________
   (d) _______________________________________________________

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Business Studies Paper 1

20. List **four** ways in which the government creates an enabling business environment. (4 marks)
   (a) _______________________________________________________
   (b) _______________________________________________________
   (c) _______________________________________________________
   (d) _______________________________________________________

21. State **four** features of an oligopoly market structure. (4 marks)
   (a) _______________________________________________________
   (b) _______________________________________________________
   (c) _______________________________________________________
   (d) _______________________________________________________

22. Give **four** disadvantages of public warehouses to traders. (4 marks)
   (a) _______________________________________________________
   (b) _______________________________________________________
23. Put down four functions of the Kenya Bureau of Standards. (4 marks)

(a) ____________________________________________________________

(b) ____________________________________________________________

(c) ____________________________________________________________

(d) ____________________________________________________________

24. Outline four external factors that may influence the operations of a business negatively. (4 marks)

(a) ____________________________________________________________

(b) ____________________________________________________________

(c) ____________________________________________________________

(d) ____________________________________________________________

25. Highlight four limitations of using after-sale services as a method of promoting products. (4 marks)

(a) ____________________________________________________________

(b) ____________________________________________________________
INSTRUCTIONS TO CANDIDATES:
(a) This paper consists of SIX questions.
(b) Answer any FIVE questions.
(c) Write your answers in the answer booklet provided.
(d) All questions carry equal marks.
(e) This paper consists of two printed pages.
Business Studies Paper 2

1. (a) Explain five features that differentiate a public corporation from a private limited company form of business unit. (10 marks)

   (b) Explain five factors that one needs to consider when selecting an office layout. (10 marks)

2. (a) Explain five benefits that a country derives from transporting oil through pipeline. (10 marks)

   (b) Explain five reasons why citizens may experience low standards of living despite improvement in the per capita income. (10 marks)

3. (a) Explain five methods of price determination other than price mechanism in a market. (10 marks)

   (b) Explain the following types of unemployment.
       (i) Cyclical unemployment.
       (ii) Structural unemployment.
       (iii) Frictional unemployment.
       (iv) Seasonal unemployment.
       (v) Involuntary unemployment. (10 marks)

4. The following trial balance was extracted from the books of Okumu traders as at 31/12/2012.

<table>
<thead>
<tr>
<th>Dr. (Shs.)</th>
<th>Cr. (Shs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening stock</td>
<td>30,000</td>
</tr>
<tr>
<td>Purchases/sales</td>
<td>275,000</td>
</tr>
<tr>
<td>Debtors</td>
<td>47,000</td>
</tr>
<tr>
<td>Commission received</td>
<td>36,000</td>
</tr>
<tr>
<td>Returns</td>
<td>10,000</td>
</tr>
<tr>
<td>Carriage inwards</td>
<td>16,000</td>
</tr>
<tr>
<td>Bad debts</td>
<td>3,000</td>
</tr>
<tr>
<td>Wages</td>
<td>20,000</td>
</tr>
<tr>
<td>Rates</td>
<td>12,000</td>
</tr>
<tr>
<td>Buildings</td>
<td>450,000</td>
</tr>
<tr>
<td>Furniture</td>
<td>180,000</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>210,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>19,000</td>
</tr>
</tbody>
</table>
Business Studies Paper 2

Additional information:
1. Closing stock Sh.50,000
2. Carriage outwards Sh. 8,000

Required:
(i) Prepare Okumu traders trading, profit and loss account for the period ended 31/12/2012. (10 marks)
(ii) Balance sheet as at 31/12/2012. (10 marks)

(b) Explain five monetary policies that the Kenyan government uses to control the supply of money in an economy. (10 marks)

5. (a) Kenya is a member of EAC. Explain five problems the member countries are likely to encounter that may hinder them from achieving their objectives. (10 marks)

(b) The following were the balances of Kiboko Traders as at 1st January 2009. Cash Sh.40,000, bank overdraft Sh.17,000. During the month the following transactions took place.

January 2nd: Mutiso a debtor settled his account of Sh.32,000 by cheque of Sh.30,000
4th: Paid salaries amounting to Sh.16,000 by cash.
10th: Deposited Sh.12,000 into the business bank account from the cash till.
14th: Settled Wayua’s account of Sh.40,000 and she was allowed a discount of 1% through a cheque.
16th: Deposited Sh.56,000 in the bank from private resources.
17th: Sold goods for cash Sh.24,000.
20th: Mutua, a debtor, settled his account by a cheque of Sh.16,000 having been allowed a discount of 2%.
24th: Purchased furniture Sh.10,400 paying by cheque.
26th: Received Sh.7,200 cash from Odhiambo.
30th: Banked all the available cash except Sh.3200.
Required: Prepare a three column cash for Kubuka Traders. (10 marks)

6. (a) Explain five factors that have led to the survival of small scale retailers despite competition from supermarkets. (10 marks)

   (b) Kenya is looking forward to the realization of vision 2030. Explain the obstacles that may hinder the efforts made towards this dream. (10 marks)