

KENYA NATIONAL EXAMINATION COUNCIL

KCSE 2009

BUINESS STUDIES

PAPER 1

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1. State factors that may affect the geographical mobility of labour (4 mks)
2. Outline four ways in which commercial attaches may promote trade between their country and other countries (4 mks)
3. Amboseli Enterprises has been spending heavy on promotion for its products though its sales have consistently declined. Outline four measures that the company take to reverse the trend
4. Write the type of demand represented by each of the following statements
 - (i) Demand for a commodity causes an increase in demand for another Commodity
 - (ii) Demand for one commodity calls for demand of another commodity
5. The following balances were extracted from the books of Saku traders on 31 March 2008

Fixed assets	300,000
Current assets	123, 700
Creditors	84, 500
5 year loan	125,000

Determine the net worth of the business as at 31st March 2008 (4 mks)
6. Indicate the type of journal in which each of the following transaction would be recorded

	Transaction	Type of journal
(i)	Goods previously sold on credit were returned	
(ii)	Goods bought on credit	
(iii)	Goods sold for cash	
(iv)	Motor vehicle sold on credit	

(4 mks)

7. A trader has decided to take a loan to expand a manufacturing business. Give two reasons why it is beneficial to borrow from a non- bank financial institution

(4 mks)

8. State four items that usually appear the credit side of the current account of a country

(4 mks)

9. Outline four benefits that may accrue to a business from a country's political stability

(4 mks)

10. A lucrative manufacturing firm been constantly releasing toxic wastes into the neighborhood. Outline four measures you can take to stop the firm from such malpractice
(4 mks)
11. Outline four factors that should be considered in the choice of a means of transporting perishable goods
(4 mks)
12. Outline four circumstances which face to face communication may be ineffective
(4 mks)
13. Highlight four benefits that would accrue to a firm located near other existing firms
(4 mks)
14. Country X has been experiencing an upward trend in the price of petrol as a result of a rise in inflation. State four steps that can be taken to minimize expenditure on this product.
(4 mks)
15. Outline four reasons why an increase in per capital income may not necessarily lead to a rise in the standard of living of the citizens
(4 mks)
16. The bookkeeper of trade Traders extracted the following information from the accounting records

1.1 2007

31.12.2007

	Kshs	Kshs
Suppliers	465, 000	640,000
Discount received	-	12,000
Purchases returns	-	25,000

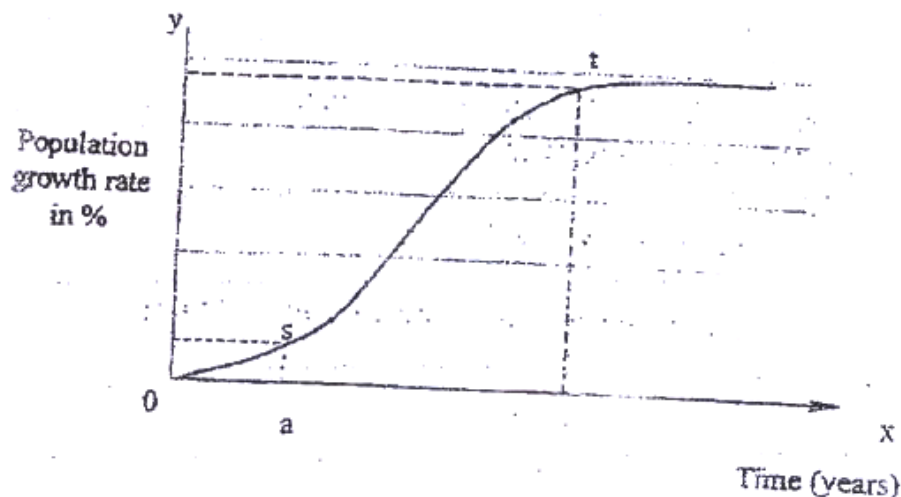
During the year ended 31.12.2007, suppliers were paid Kshs 1,500, 000 while cash purchases amounted to Kshs 800,000

Determine the purchases for the year (5 mks)

17. Outline four circumstances that would make an office manager to replace an existing machine with modern one (4 mks)

18. Outline four reasons why hypermarkets are becoming increasingly popular in Kenya (4 mks)

19. The graph below the rate of population growth of a given country



Outline four factors that may have contribute to the trend between s and t

(4 mks)

20. Kazim maintains a petty cashbook on a weekly interest of Kshs 13,000 on 1st April 2007
the cash balance was Kshs 2,570

During the week of April, the following transactions took place

2007

- | | |
|---------|--|
| April 2 | Received reimbursement from the main cashier |
| 3 | Paid Kshs 3,070 for cleaning materials |
| 4 | Paid Kshs 2,000 bus fare |
| 6 | Bought stationery worth Kshs 2,200 |

Prepare a petty cashbook to record the above transactions using cleaning stationery and
bus fare columns (5 mks)

21. Highlight four circumstances under which business enterprises may choose to merge

(4 mks)

22. The following information relates to Maji Mazuri Traders as 31. 12. 2008

Fixed assets	400,000
Stock	120,000
Current liabilities	60,000
Net profit for the current	100,000

Calculate:

- (i) Rate of return on capital employed
- (ii) Current ratio (4 mks)

23. Highlight four factors that must be considered before incurring public expenditure

(4 mks)

24. Outline four benefits that accrue to the government as a result of privatization of public enterprises (4 mks)

(a)

(b)

(c)

(d)

25. KAMAT owned a motor vehicle valued at Kshs 1,000,000. He comprehensively insured the car at Kshs 800,000. The motor vehicle was involved and declared a write off. Calculate the amount KAMAT should get from the insurer.

(4 mks)

ANSWERS:

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