

# NYANDARUA WEST

## CLUSTER EXAM

### 565/1 BUSINESS STUDIES

#### ANSWER ALL QUESTIONS

NAME:.....CLASS:.....ADM NO: .....

1. State four ways in which management can influence business environment positively. (4 marks)

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

2. Highlight four circumstances under which personal selling may be used in product promotion. (4 marks)

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

3. The participants of a two Sector Economy are households and firms. Identify the relevant participant in each of the statement given below. (4 marks)

<u>Statement</u>	<u>Participant</u>
(a) Payment of goods and services	_____
(b) Sale of factors of production	_____
(c) Payment for factors of product	_____
(d) Sale of goods and services	_____

4. Kenya has been trading with numerous countries in the World. State four disadvantages that she may suffer by liberalising foreign trade. (4 marks)

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

5. State four reasons why human being satisfy basic wants before secondary wants. (4 marks)

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

6. List four documents required by the Registrar of Companies in order to register a Public Limited Company.

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

7. State four circumstances under which the capital of a business may change. (4 marks)

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

8. State the type of inflation described below

	Description	Type of Inflation
a	Rise in Price due to credit creation by banks	
b	Rise in price due to increase in price of factors of production	
c	Rise in price due to buying expensive goods from other Countries	
d	Rise in price due to increase in profit margins	

9. Highlight five ways in which computers may be used in promoting business activities.

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

10. State four reasons that make a producer by pass a wholesaler when distributing goods. (4 marks)

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

11. Highlight four benefits of a bonded warehouse to the Government. (4 marks)

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

12. State four ways in which the Central Bank regulates money supply in the Economy. (4 mks)

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

13. State four gaps that can be filled in the market through a business opportunity.(4mk

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

14. Outline four factors that may influence an investor to locate his factory in a rural area. (4 marks)

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

15. State four factors that limit the efficiency of Co-operatives in service delivery. (4mks

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

16. The demand for commodity Y doubled even though the price remained constant in a period of six months. State four factors that may account for this increase in demand. (4 marks)

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

17. The following information relates to Big Ben Wholesale Shop on 31<sup>st</sup> December 2016.

	<b>Shs</b>
Opening stock	80,000
Closing stock	100,000
Sales	325,000
Rate of stock turnover	3 times

Calculate

(i) Cost of goods sold (2 marks)

(ii) Gross profit (2 marks)

18. Loikany's capital on 1<sup>st</sup> of January 2016 was Ksh.350,000.

The following transactions took place during the year.

Total drawing Ksh.40,000

Additional investment Ksh.80,000

Capital on 31<sup>st</sup> December 2016 Ksh.700,000

Calculate the Profit or Loss for the year.

19. State the account to be debited and the one to be credited in the following Transaction

	<b>Transaction</b>	<b>Debit</b>	<b>Credit</b>
a	Deposited Ksh. 10,000 into the business bank		
b	Sold goods on credit Ksh. 50,000		
c	Brought an old tractor worth Ksh. 200,000 into the business		
d	Paid a creditor by Cash Ksh. 15,000		

20. Identify the book of original Entry affected by the following transactions.

	<b>Transaction</b>	<b>Book of Original Entry</b>
a	Bought a motorvan on credit	
b	Returned 120 pages books to Longhorn	
c	Sold goods to Hassan on credit	
d	Bought a loaf of bread in cash	

21. Kiriungi Traders prepared the following Trial balance which did not balance.

As a Business Student help them prepare a correct one.

ITEM	DR	CR
Motorvan		500,000
Capital	1,200,000	
Creditors		200,000
Land		700,000
Debtors		100,000
Bank	250,000	
Cash	50,000	
AFC Loan		<u>200,000</u>
	<u>1,400,000</u>	<u>1,700,000</u>

22. Highlight four advantages of a Land-Scaped Office. (4 marks)

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

23. Development Planning is important for every Economy. In reference to sustainable development goals, mention the big four that are targeted by the Kenyan Government Development Agenda.

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

24. The following Cashbook was extracted from Miti Mingi traders on 1<sup>st</sup> July 2017.

**Two Column Cash Book**

Date	Details	Cash	Bank	Date	Detail	Cash	Bank
July 1	Balance B/d	15,000		July 1	Balance B/d		100,000
6	Cash		20,000	6	Bank	20,000	
20	Sales		15,000	15	Wages	5,000	
28	Debtors			29	Stock		10,000
31	Bal C/d			31	Bal C/d	10,000	
		35,000	75,000			35,000	11,000

State the meaning of the following transactions.

- (a) 1<sup>st</sup> July Balance b/d bank column Ksh.100,000 - .....
- (b) Transaction on July 2017 - .....
- (c) Transaction on 28<sup>th</sup> July 2017 - .....
- (d) Transaction on 31<sup>st</sup> July 2017 - .....

25. Mention four features of a Monopoly market. (4 marks)

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