

FORM FOUR CLUSTER KCSE MODEL1
BUSINESS STUDIES PAPER 1 QUESTIONS

1. Give the appropriate word from the table below. (4mks)
 - i) Activities carried out with a view of making profit.....
 - ii) Movement of goods from the producer to the consumer.....
 - iii) Study of activities that are carried out in an office.....
 - iv) A person who engages in the use of goods and services.....
2. Give FOUR types of external business environment. (4mks)
 - i)
 - ii)
 - iii)
 - iv)
3. Distinguish between producer and consumer goods. (4mks)
 - i)
 - ii)
 - iii)
 - iv)
4. State FOUR benefits that a county will enjoy as a result of indirect production. (4mks)
 - i)
 - ii)
 - iii)
 - iv)
5. Identify FOUR factors to consider when selecting office equipment. (4mks)
 - i)
 - ii)
 - iii)
 - iv)
6. Give FOUR reasons why the government may train business people. (4mks)
 - i)
 - ii)
 - iii)
 - iv)

7. Name FOUR circumstances under which audio visual communication can be appropriate. (4mks)
- i)
 - ii)
 - iii)
 - iv)
8. Give FOUR types of private warehouses. (4mks)
- i)
 - ii)
 - iii)
 - iv)
9. Hassan a manufacturer took his products for an exhibition in Nairobi trade fair in 2015. However his sales did not increase, significantly thereafter, outline FOUR reasons that may have led to the lack of response from his customers. (4mks)
- i)
 - ii)
 - iii)
 - iv)
10. Give FOUR factors that determine the existence of small firm in an economy dominated by large firms. (4mks)
- i)
 - ii)
 - iii)
 - iv)
11. . Outline FOUR sources of oligopoly power. (4mks)
- i)
 - ii)
 - iii)
 - iv)
12. State the meaning of the following terms as used in National income and give examples: (4mks)
- i) Injections
 -
 -

ii) Leakages

.....

13. . The following balances were extracted from the books of Baraka traders at the end of the year 2014.

Outstanding rent 40,000

Creditors 80,000

Debtors 240,000

Prepaid wages 10,000

Machinery 990,000

6 yr. bank loan 540,000

Cash at bank 360,000

Cash in hand 140,000

Determine capital and prepare Baraka trader's balance sheet as at 31st Dec 2014. (4mks)

14. . In the two column cash book given below determine the missing figures. (4mks)

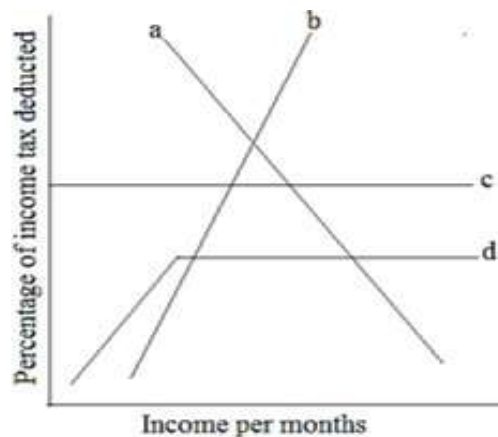
14. In the two column cash book given below determine the missing figures.

(4mks)

Dr				Cr			
Date	Details	Cash	Bank	Date	Details	Cash	Bank
2014				2014			
April	Balance b/d	P	75,000	April 5	Water		300
2	Loan		25,000	5	Insurance		780
4	Sales	4500		5	Postage		150
6	Sales		1850	8	Juliet	7,000	
8	Cash(c)		Q	8	Bank (c)	15,000	
				30	Balance c/d	R	S
		54,500	116,850			54,500	116,850

- i) P.....
- ii) Q.....
- iii) R.....
- iv) S.....

15. . The graph below represents the structure of a tax system in a country. Identify the FOUR classes of tax. (4mks)



- i) a.....
- ii) b
- iii) c
- iv) d

16. In each of the following cases state the type of inflation described. (4marks)

- (a) A rise in prices due to uneven growth in the economy.....
- (b) A rise prices due to an increase in the factors of production.....
- (c) A rise in prices due to buying expensive goods from foreign countries.....
- (d) A rise in prices due to an increase in money supply.....

17. Give FOUR problems encountered in development planning. (4mks)

- i)
- ii)
- iii)
- iv)

18. Country A is a developing country experiencing a deficit in her balance of payment. Outline FOUR measures such a country can adopt to correct the deficit. (4mks)

- i)
- ii)
- iii)
- iv)

19. The following information relates to Ndovu enterprises as at 1st June 2015.

Capital 1,500,000

Furniture 900,000

Stock 400,000

Bank 400,000

Cash 150,000

Creditors 350,000

On the 15th June 2015 the business made the following transactions.

- i) Purchased a motor vehicle for Kshs. 3,000,000 on credit from Chui motors.
- ii) Sold the furniture for Kshs 1,000,000 cash.
- iii) Bought stock for Kshs 250,000 and paid by cheque.

Prepare Ndovu Enterprises balance sheet as at 15th June 2015.

20. . State FOUR types of errors that may be disclosed by a trial balance. (4mks)

- i)
- ii)
- iii)
- iv)

21. . State FOUR differences between a cheque and a bill of exchange. (4mks)

Cheque	Bill of exchange.
i)	i)
ii)	ii)
iii)	iii)
iv)	iv)

22. Highlight FOUR benefits of globalization to a business enterprise (4mks)

- i)
- ii)
- iii)
- iv)

23. Give FOUR assumptions of the law of demand. (4mks)

- i)
- ii)
- iii)
- iv)

24. . Give FOUR limitations of barter trade. (4mks)

- i)
- ii)
- iii)
- iv)

25. The following figures relates to Teleki Traders for the months of December 2014.

Sales 800,000.

Cost of goods sold 600,000

Expenses were 20% of sales.

Calculate:

- i) Mark up.
- ii) Margin.
- iii) Total expenses.
- iv) Net profit.