

KCSE CLUSTER TESTS 11

Business Studies Paper 1

1.

Circumstances under which stock of a business may change :

- Increase /when /where if there was purchases.
- Increase there was sales.
- Where there was sales returns (return inwards)
- When there was purchases returns (return outwards)

4 marks

2.

Benefit of an enclosed office plan to an organization:

- Allows maximum concentration.
- It offers privacy.
- It offers security for individual.
- Easy to clean /tidy
- May provide adequate working space.

4 marks

3.

Implications of a young population on the economy:

- High dependency ratio.
- Low supply of labour.
- Low per capital income.
- Provision of the needs for youth.

4 marks

4.

MAMA SAFI TRIAL BALANCE AS AT 31 ST DEC 2013		
	Dr	Cr
Sales		95,000
Buildings	100,000	
Debtors	74,000	
Capital		150,000
Purchases	58,000	
Stock	35,000	
Creditors		53,700
General expenses	42,200	
Bank overdraft		10,500
	<u>309,200</u>	<u>309,200</u>

4 marks

5.

Feature of gambling:

- There is no insurable interest.
- Gambling money is paid only once.
- It involves speculative risks.
- Aims to improve the financial position of the gambler.
- The event must happen to determine the winner and the loser.

4 marks

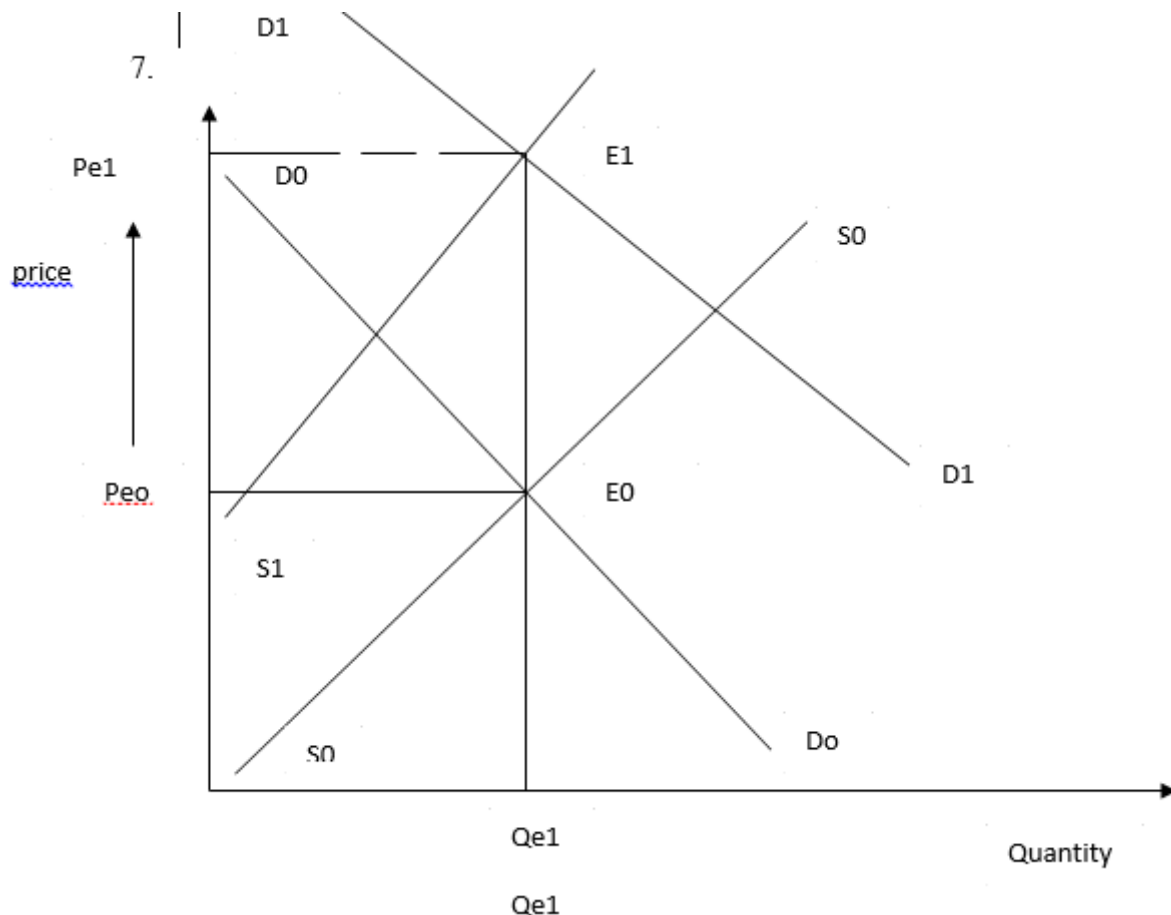
6.

Condition that may make difficult for the government to create job opportunities to its citizens.

- Rapid population growth. Inadequate co-operant factor inputs.
- Use of inappropriate technology.
- Rural to urban migration
- Inappropriate education system.
- Seasonality in production.
- Lack of product market
- Political instability.

4 marks

7.



4 marks

8.

Reasons why Uganda has a high level of National income than Kenya.

- Uganda has high amount and quality of capital.

- Uganda has enough labour supply.
- Uganda has a large number of entrepreneurs.
- Uganda has abundant & quality natural resources (land).
- Uganda has high level of technology.
- Uganda citizens have positive attitude towards work.
- Uganda has small size of the subsistence sectors.
- Uganda has high foreign investment. 9

4 marks

9.

Skills to acquire when you take Business studies as a subject.

- Entrepreneurial skills.
- Accounting /recording skills.
- Communication skills.
- Wise buying and selling skills.
- Managerial skills i.e financial management and interpersonal relations.
- Analyzing /interpreting /reporting business records.
- Skills to evaluate business performance

4 marks

10.

. Opening of ledger A/c.

Dr	Land	A/c	Cr
1/1/14 <u>cash</u> ✓	300,000		
1/1/14 <u>Bank</u> ✓	200,000		
1/1/14 <u>posh mill</u> ✓	250,000		
1/1/14 <u>creditor</u> ✓	50,000		

Dr	Cash	A/c	Cr
	1.1.014 <u>land</u> ✓	300,000	

Dr	Bank	A/c	Cr
	1.1.014 <u>land</u> ✓	200,00	

Dr	Posh mill	A/c	Cr
	1.1.014 <u>land</u> ✓	250,000	

Dr	Creditor	A/c	Cr
	1.1.014	land	<u>50,000</u>

4 marks

11.

. Documents written by the local buyer to the local sellers.

- Letters of inquiry.
- Goods received Note .
- Local purchase order.
- Goods returned Note

4 marks

12.

Function of money.

- Medium of exchange.
- Measure of value.
- Store of value.
- Unit of accounts.
- Standard of deferred payment

4 marks

13.

Reasons for high increase in the use of plastic chairs.

- Plastic chairs are light/easy to transport.
- Plastic chairs are used for commercial purposes i.e can be leased /rent /hired for payment.
- Plastic chairs are fashionable.
- Plastic chairs are attractive and appealing.
- Occupy less space i.e during storage.
- Easy to maintain /cheap to maintain.
- Cheap to hire than to buy.

4 marks

14.

Difference between material Goods and non material Goods.

<u>Material Goods</u>	<u>Non material Goods.</u>
<ul style="list-style-type: none"> • Material goods are tangible • Quality can be standardized • Can be stored • Can be separated from <u>owners /provides.</u> • Paid for ownership • Not always perishable • All Can be seen <u>except air.</u> 	<ul style="list-style-type: none"> -Non material are intangible. -Quality varies. -Cannot be stored. -Cannot be separated from owners/ providers. -paid for experience. -always <u>/highly perishable.</u> -cannot be seen.

4 marks

15.

Benefits of digital era to a manufacturing firm.

- Increase in the level of output.
- Improvement of services delivery.
- Saving on production time.
- Manufacturing firm/manufacturer can access important business information.
- Reduces paper work.
- Standardization of products .
- Lower production of waste.
- Better quality goods/products

4 marks

16.

Reasons why one would prefer a letter to telephone to send a message.

- Provide evidence .
- Can be filed for future reference.
- Relatively cheap.
- Appropriate for complex messages.
- Appropriate for confidential information.
- Gives room for inclusion of detailed information

4 marks

17.

Complaints that may be received from consumers includes the following :

- Poor quality of goods and services.
- Incorrect weight and measures /damaged.
- Unfair pricing /overcharging.
- Poor hygienic condition.
- Expired goods.
- Non –compliance to building regulation .
- Contra - band items - ,prohibited goods.
- Harmful goods.
- Misleading advertisement.
- Environmental pollution.
- Technological side effects.
- Breach of contract.

4 marks

18.

Factors that may effect the geographical mobility of labour as a factor of production .

- Unfavorable climatic condition .
- Job security.
- Age.
- Language barriers.
- Political stability.
- Cost of living.
- Availability of infrastructure.
- Rewards (salaries).
- Security of the place.
- Inadequate information about job opportunities elsewhere.
- Social amenities i.e.schools,hospitals etc

4 marks

19.

Types of warehouse.

- Bonded warehouse.
- Public warehouse.
- Wholesalers warehouse.
- Manufacturers warehouse.

4 marks

20.

Capital =Assets-Liabilities
 =(480,000+145,220)-(230,000+95,200)
 =625,220-325,200
 =300,020✓ (1mk)

WAMBULULI BALANCE SHEET As at 31 st Dec 2013✓			
	Sh	Sh	sh
<u>Fixed Assets</u>	480,000✓	Capital	300,020✓
<u>Current Assets</u>	145,220✓	L.T.L	
		2 yr bank loan✓	230,000
		S.T.L	
		Creditors ✓	95,200
	<u>625,220✓</u>		<u>625,220✓</u>

4 marks

21.

Uses of ledger Accounts :

- i. Shows the amounts by which a particular item increases or decreases.
- ii. Enables the computation of a balance of account at any time.
- iii. Can be used for reference.

4 marks

22.

Reasons why the government should create an enabling environment to investors:

- To minimize cost of doing business.
- To open new areas for investors.
- To expand the tax base and hence increase revenue.
- To enhance economic development in the country.
- To promote public /private sector relationship.
- To create employment opportunities.
- To increase the level of national income.
- To avail a variety of goods and services.

4 marks

23.

Reasons why vegetables exporters would transport their produce by air rather than sea.

- Air transport is faster.
- Vegetable are perishable hence required faster means.
- Security of air transport is relatively high.
- Vegetables are not bulky.

4 marks

24.

The letters represent:

- P-income per capital (per head)
- S-population.
- R-over population.
- Q-optimum population /optimum per capita.

4 marks

25.

Challenges that many be faced when using a cell –phone (mobile phone) includes:

- May be damaging to the ears.
- Are relatively expensive to acquire.
- Calls or messages sent may be tapped.
- It's use may be limited where there is lack of network.
- Possibility of loss of handset to thieves.
- Requires constant charging.
- Prone to misuse e.g. frauds.
- Relatively expensive to operate.
- Channel overloads (network congestion).
- Difficulty to operate (literacy).
- May not be used under certain circumstances e.g. banking halls, public services, vehicles etc.

4 marks