

KCSE BUSINESS STUDIES 2011

PAPER 1

1. Identify the types of wholesalers described in the statement given below. (4mks)
 - (a) A wholesaler who trades in maize only
 - (b) A wholesaler who supplies goods to most of the traders in Kitui, Mbooni and Machakos districts in the eastern parts of Kenya.
 - (c) A wholesaler who buys tomatoes from farmers in rural areas and sells the same to other wholesalers in urban areas
 - (d) A wholesaler who trades in a wide variety of human medicine
2. Outline four factors that should be considered before buying office equipment (4mks)
3. Outline four malpractices by traders against which consumers may need protection by the government (4mks)
4. State the features of an insurable interest (4mks)
5. Outline four ways of reducing the level of unemployment in Kenya (4mks)
6. State four services offered by commercial bank to its customers (4mks)
7. List four sources of public finance (4mks)
8. Outline four reasons why countries may trade with each other (4mks)
9. State four reasons why economic development is desirable to a country (4mks)
10. Indicate the reward associated with each of the factors of production in the table below. (4mks)

Factor of Production

Reward

- A) Land
- B) Labour
- C) Capital
- D) Entrepreneurship

11. Outline four circumstances under which a cooperative society may be dissolved (4mks)
12. Highlight four features of a bonded warehouse (4mks)
13. Outline four factors that may be considered when measuring the size of a firm (4mks)
14. The following transactions were extracted from the books of Sarah Traders for the month of March 2006:

March 10: Purchased goods on credit worth Kshs 200,000 from Salim Traders

March 25: Sold goods on credit worth Kshs 420,000 to Shah Traders

- (a) Record the above transactions in the ledger accounts below (4mks)

Salim Traders Account

Shah Traders Account

Purchases Account

Sales Account



- (b) On 2nd November 2006, Oromo received an income for Kshs 12,000. of payment were trade discount 5% and cash discount 10% if payment is made within 30 days. Determine the amount paid if payment was made on 28th November 2006. (4mks)
15. The following balances were extracted from the books of Nafula Traders as at 31st December 2005.

	Kshs
Current liabilities	150000
Net profit	50000
Total assets	500000
2 years Bank loan	100000

- Calculate the rate of return on capital (4mks)
17. The information given below were extracted from the books of Amina Traders on 31st December 2006.

	Kshs
Purchases	260000
Opening stock	75000
Carriage on purchases	12500
Closing stock	27500

- Goods were sold at a mark-up of 25%
- Using the information given above, prepare Amina Trader's Trading Account (4mks)
18. State four benefits that a farmer may get by transporting produce to the market by road (4mks)
19. The table given below represents the supply schedule of sukuma wiki (kales) for eight weeks in the months of January and February 2009.

Week	1	2	3	4	5	6	7	8
Quantity (Metric Tonnes)	505	485	430	375	340	290	215	195

- Outline four causes of the trend in the table (4mks)
20. Outline four ways in which households contribute to national income of a country (4mks)
21. Outline four circumstances in which a trader may use oral communication (4mks)
22. Outline four reasons why a firm may remain small (4mks)
23. On 1st January 2007, Muthoni Traders Cash book showed a credit balance of Kshs 150000 at the bank and a debit balance of Kshs 25250 in hand. During the month the following transactions took place:
- January 5: Made cash sales for Kshs 21500
- January 16: Received a cheque for Kshs 360000 from a debtor
- January 28: Paid a creditor Kshs 100000; partly by cheque of Kshs 80000 and the balance in cash.
- Prepare a Two Column Book for the month (5mks)



DR				CR			
Date	Details	Cash (Kshs)	Bank (Kshs)	Date	Details	Cash (Kshs)	Bank (Kshs)

24. State four benefits that a trader may get by advertising products in a newspaper. (4mks)
25. The cost of consumer goods and services for a representative basket of an average family is given below.
- | | | |
|--------|-----------|-----------|
| Year | 2006 | 2007 |
| Prices | Kshs 1200 | Kshs 1600 |
- Determine the increase in Consumer Price Index using 2006 as the base year. (4mks)

PAPER 2

1. (a) Explain the following types of inflation
(i) Demand pull inflation
(ii) Cost-push inflation
(iii) Imported inflation
(iv) Structural inflation (8mks)
- (b) Explain six factors that may hinder the development of a country (12mks)
2. (a) Explain five circumstances under-which containerization may be used to transport goods. (10mks)
- (b) (i) Explain the procedures for making an insurance claim (5mks)
(ii) A farmer's house valued at Kshs 1,200,000 was insured against fire for Kshs 900,000 under the 'with average clause'. Fire occurred and damaged the house causing a loss of Kshs 500,000. Determine the value of compensation due to the farmer (5mks)
3. (a) Discuss five factors that may be considered when choosing a method for promoting a product (10mks)
- (b) Describe five features of economic resources (10mks)
4. (a) Explain five benefits that may accrue to an organization that adopts an open office plan. (10mks)
- (b) Discuss five circumstances under which a partnership may be dissolved. (10mks)
5. (a) Amboseli Roses is a horticultural company producing flowers. Explain six factors that may influence the choice of a channel for distributing its products. (12mks)
- (b) Give four reasons for maintaining books of original entry (8mks)
6. (a) Discuss five causes of unfavourable balance of payment for most developing countries (10mks)
- (b) The following balances were extracted from the books of Rehema Traders on 1st January 2007

	Kshs
Capital	600000
Creditors	180000
Motor van	200000
Furniture	200000
Stock	60000
Debtors	80000
Cash	240000

The following transactions took place during the year ended 31st December 2007:

- (i) Sold furniture worth Kshs 100000 for which 40000 cash was received and the balance was due at the end of the year.
- (ii) Purchased goods worth Kshs 100000 for which cash of Kshs 70000 was paid and the balance was still outstanding at the end of the year.



- (iii) Cash Kshs 10000 was taken from the business by the proprietor to settle the spouse's hospital bill.
Required
Draw Rehema Trader's balance sheet as at 31st December 2007 showing the items in their relevant classes.

