

EDUCATOR EXAMS

Sample paper 1

Business studies

Paper 1

1. Highlight **four** ways through which the operations of a business are influenced positively by its physical environment (4 marks)

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2. Mention **four** factors that may inhibit the mobility of labour as a factor of production (4 marks)

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3. The following are descriptions of forms of office etiquette. Give the name of the office etiquette described (4 marks)

Description	Appropriate term
a) Ability to keep time in attending duties, appointments and meeting time lines	
b) Ability to convince others tactfully	
c) Ability to tell the truth and being sincere	
d) Ability to handle people politely, pleasantly and with consideration	

4. Mention **four** activities that are carried out at the stock exchange market (4 marks)

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5. Highlight **four** merits of the recently launched Standard Gauge Railway (SGR) to the Kenyan economy (4 marks)

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6. Betty runs a hair dressing business valued at Ksh. 300,000. She took out an insurance policy for Kshs. 250,000 against fire with ICEA Lion Insurance Company. A few months later her business caught fire and she suffered a loss of up to Ksh.120,000. Calculate the amount of compensation due to her. Give a reason for your answer (4 marks)

7. Citing relevant examples in each case, distinguish between:
- a) Substitute and complementary products (2 marks)

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- b) Derived and Joint demand (2 marks)

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8. Mention **four** shortcomings of the output approach as a method of determining a country's national income (4 marks)

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9. State the effect of the following transactions on the totals of the balance sheet (4 marks)

Transaction	Effect on Balance sheet totals
a) Borrowed a loan of Sh. 200,000 in cash from a bank	
b) An old piece of furniture valued at Sh 15,000 was disposed at Sh. 10,000	
c) Stock of goods worth sh. 5,000 was sold on credit	
d) Owner used Sh. 25,000 private money to buy stock for resale	

10. List **four** source documents used for recording transactions in trade (4 marks)

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11. Highlight **four** reasons why a government imposes taxes on her citizens and business organizations (4 marks)

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12. Identify **four** roles played by the International Bank for Development and Reconstruction (4 marks)

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13. Outline the difference between economic growth and economic development (4 marks)

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14. Highlight **four** ways through which the government can facilitate the satisfaction of human wants in the economy. (4 marks)

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15. Outline **four** business factors that an entrepreneur must have in mind when evaluating a business opportunity (4 marks)

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16. Identify **four** ways in which an individual consumer can protect themselves from the activities of fraudulent traders (4 marks)

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17. State **four** methods that are used to promote the sales of a business enterprise (4 marks)

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18. State **four** characteristics of a time-deposit account as offered by commercial banks (4 marks)

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19. Highlight **four** measures a country can take to correct her balance of payment deficit (4 marks)

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20. Mention **four** problems that a country with a declining population is likely to experience (4 marks)

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21. Highlight **four** ways in which the use of mobile telephones has facilitated the growth of business activities in Kenya today. (4 marks)

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22. The following transaction relates to Kariuki's bicycle repair business for the month of July 2016.

2016

July 1: Started the business with shs 5800 cash

July 2: Bought tools worth shs 3000 in cash

July 4: Bought furniture worth shs 1000 in cash

July 15: Took a co-operative loan of shs 10,000 in cash

July 20: Opened a business bank account with shs 10,000 from the cash box

Record the transactions above in the relevant ledger accounts and balance them off as at 31st July 2016.

23. List **four** levels of inflation

(4 marks)

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24. Highlight **four** characteristics of hypermarkets

(4 marks)

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25. Clearly state **four** differences between oligopoly market structure and perfect market competition

(4 marks)

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Paper 2

- 1 a) Describe **five** documents that must be made available by promoters during the formation of a limited liability company (10 marks)
b) Explain five factors that may hinder effective distribution of goods and services to all parts of the country. (10 marks)
- 2 a) Explain five positive effects of inflation in the economy (10 marks)
b) Explain **five** importance of a bonded warehouse to the government (10 marks)
- 3 a) Explain **five** factors which influence the decision on the type of goods and services that a firm can produce (10 marks)
b) Explain five factors considered when buying office equipment. (10 marks)
- 4 a) The following balances were available from the books of Sangoma Traders during the accounting period ended 31st December 2016

	Shs.
Purchases for the year	400,000
Carriage inwards	50,000
Capital	1,000,000
Sales	800,000
Total expenses	195,000
Stock on 1 st Jan 2016	40,000
Returns outwards	30,000
Stock on 31 st Dec 2016	100,000
Total creditors	35,000
Debtors	30,000
Returns inwards	45,000

Calculate:

- (a) Cost of goods sold. (2 marks)
 - (b) Gross profit. (2 marks)
 - (c) Margin %. (2 marks)
 - (d) Rate of stock turn over. (2 marks)
 - (e) Rate of return on capital. (2 marks)
- b) Explain five reasons why the government gets involved in business activities. (10 marks)

- 5 a) Explain **five** factors that the government must take into consideration before incurring any public expenditure. (10 marks)
- b) Explain five important roles played by the insurance sector in the economy. (10 marks).
- 6 a) Explain **five** challenges that are likely to be encountered during the implementation of development plans. (10 marks)
- b) Explain five ways in which the central bank facilitates credit creation in the country. (10 marks)