

**KCSE PREDICTION 2018
BUSINESS STUDIES PAPER 1 QUESTIONS**

1. State four challenges that small enterprises face in their activities. a.

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b.

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c.

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d.

2. State four reasons why the government cannot be delinked from business activities

a.

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b.

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c.

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d.

3. State four factors that will lead to an increase in National Income of a country.

a.

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b.

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c.

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d.

4. State four reasons why it is important to conserve the Mau Escarpment.

a.

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b.

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c.

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d.

5. Identify four methods of reproducing documents in an office.

a.

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b.

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c.
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d.
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6. With the aid of a clearly labeled diagram show the effect of fixing price above the equilibrium point.

7. Apart from voice calls state four functions of a mobile phone that makes it popular with business people.

a.
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b.
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c.
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d.
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8. Outline four differences between tramps and liners.

a.
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b.
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c.
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d.
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9. State four factors that gives rise to a monopoly.

a.
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b.
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c.
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d.
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10. State four features of an itinerant trader.

a.
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b.
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c.
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d.
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11. State four roles of Nairobi Securities Exchange.(N.S.E)

a.
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b.
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c.
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d.
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12. State four types of unemployment.

a.
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b.
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c.
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d.
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13. Give four advantages of using credit cards.

a.
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b.
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c.
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d.
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14. State four reasons why the radio is an important tool in product promotion. .

a.
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b.
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c.
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d.
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15. The financial year of Calisto Traders ends on 31 December every year. On 31st December 2012 the business had the following assets and liabilities.

	<u>Shs</u>
Capital	?
Computers	48500
Debtors	12,020
Cash	8,000
Rents expenses due	10,500

Required:

Prepare a balance sheet.

16. Highlight four ways in which a government can promote a business enterprise.

- a.
- b.
- c.
- d.

17. From the following identify the level of production.

Activity Level of production

- i. Oil refinery
- ii. Advertising
- iii. Brick making
- iv. Transport

18. Outline four circumstances under which a firm may be located near the source of its raw materials.

- a.
- b.
- c.

d.

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19. Complete the following table by indicating the account to be debited and one to be credited.

a. Commenced business with cash 50,000 and money in bank sh.200,000

b. Purchased land worth sh.100,000 and paid sh.50,000 by cheque and the balance to be paid later to Gerishom.

c. Purchased a motor vehicle worth sh.300,000 on credit from CMS Motors.

DR	CR

20. State four importance of a firm preparing a balance sheet.

a.

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b.

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c.

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d.

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21. State four functions of Kimilili Coffee Cooperative.

a.

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b.

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c.

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d.

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22. The following transactions for the month of June 2009 relate to the books to Esubwe Traders.
June 1 started with a capital of sh.5,500 in cash and an overdraft of sh.18,000.

June 2 purchased stock for ksh. 4,000 and paid by cheque.

June 3 a debtor paid sh. 6,000 by cash.

June 12 deposited sh. 7,000 from cash till to his bank account.

June 14 paid Mr. Alweny a creditor sh.1,000 by cash.

Required:

A two column Cash Book duly balanced.

23. On 31st December 2012 Katoi found that he had capital amounting to sh.150,000 in his business. During the year investments totalled to sh.64,000 while drawings were sh.35,000. Calculate his initial capital as at 1st January if the profit was sh.55,000.

24. Highlight four advantages of using E-mail for communication purposes.

a.
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b.
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c.
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d.
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25. State four circumstances that an insurance company will not compensate for a loss incurred.

a.
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b.
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c.
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d.
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