

KCSE TRIAL 2020
BUSINESS STUDIES PAPER 1

QUESTIONS

1. Outline four elements that may compromise the internal environment of a business. (4marks)

2. List four characteristics of money. (4marks)

3. Give four assumptions that are associated with perfect competition. (4marks)

4. State four ways in which a warehouse is of importance to a manufacturer. (4marks)

5. Outline four factors that an entrepreneur should consider before setting up a manufacturing business. (4marks)

6. Given the statement in the table below; indicate the type of entry to be made in the relevant ledger accounts. (4marks)

Statement	Types of Entry
i) An increase in revenue	

ii)	A decrease in an asset	
iii)	An increase in an expense	
iv)	A decrease in liability	

7. Below are some entries in the cash book of Romano Traders for the month of July 2010:

Date 2010	Details	Cash(sh)	Bank (sh)	Date	Details	Cash (sh)	Bank (sh)
July 1	Bal b/d	15,000		July 1			10,000
July 6	Cash		20,000	July 6	Bank	20,000	
July 20	Sales		15,000	July 15			
July 28	Debtors	20,000		July 29	Stock		10,000
				July 31	Bal c/d	10,000	

State the meaning of the following entries: - (4marks)

a) July 1, 2010 balance b/d, bank column, sh. 10,000

b) July 6, 2010 cash sh. 20,000 and bank sh. 20,000

c) July 28,2010 debtors sh. 20,000

d) July 31, 2010 balance c/d sh. 10,000

8. State four merits of promoting products through personal selling. (4marks)

9. The aggressive campaign for citizens to plan their families seems to be causing a decline in the country's population growth. Outline four possible effects on this.

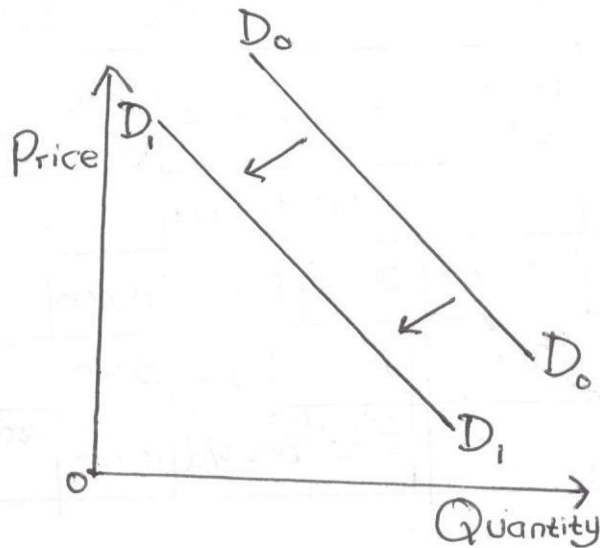
(4marks)

10. State four functions of commercial attaches. (4marks)

11. Wanjau started a business with sh. 60,000 as at 1st January 2010. During the year profits and additional investments were sh. 50,000 and sh. 60,000 respectively. At the end of the year, Wanjau remembered that she had taken goods for her personal use and that as at 31st December 2010, her capital was sh. 19,500.

Determine the value of goods that Wanjau had taken for her personal use. (4marks)

12. The figure below shows a shift in demand curve from D_0D_0 to D_1D_1 . State four factors that may have caused the shift. (4marks)



13. Juma Munyacia sells all his goods at 25% above cost. His books gave the following information as at 31st December 2004.

	<u>Sh</u>
Stock 1 st January 2004	98,720
Stock 31 st December 2004	126,000
Sales for the year	600,000

Calculate the profit made by Munyacia (4marks)

14. State four types of source documents. (4marks)

15. Prepare the balance sheet of Baraka traders from the following list of balances extracted from his books as at 31st December 2005. (4marks)

	<u>Sh</u>
Machine	150,000
Motor vehicles	200,000
Stock	40,000
Creditors	25,000
Loan from KCB	100,000
Bank	20,000
Furniture	7,000
Capital	292,000

16. Outline four factors that promote the level of national income in a country. (4marks)

17. Highlight four adverse effects of production activities on the environment and community health. (4marks)

18. Mention four circumstances under which an insurance company may re-insure. (4marks)

19. State four elements of communication process. (4marks)

20. In the absence of a written partnership agreement, the provision of the partnership Act will apply. State four such provisions. (4marks)

21. Highlight four features of open-air market trading. (4marks)

22. State four emotional qualities of an office worker. (4marks)

23. State four features of indirect production. (4marks)

24. Outline four factors that may limit the use of containers as a method of transporting goods. (4marks)

25. Describe four characteristics of services. (4marks)
