

Name

Index number.....

School

Candidate's Sign.....

Date.....

565

BUSINESS STUDIES

PAPER 1 & 2 COMBINED

MARCH 2025

TIME: 2 HOURS 15 MINUTES

NYAMIRA NORTH CONTEST EXAMINATION 2025

Kenya Certificate of Secondary Education (K.C.S.E)

BUSINESS STUDIES

PAPER 1 and 2 COMBINED

TIME: 2 HOURS 15 MINUTES

INSTRUCTIONS

- Write your **NAME**, **SCHOOL** and **INDEX NUMBER** in the spaces provided.
- Answer **ALL** questions in the spaces provided in PAPER 1 any **TWO** in PAPER 2.

FOR EXAMINERS USE ONLY

Question	1	2	3	4	5	6	7	8	9	10	11	12	14	15	16
MARKS															

17	18	19	TOTAL

PAPER 1(60 MARKS)-Answer All Questions

1. Outline **Four** reasons why cash payment would be preferred to cheque payment. (4 marks)
(a)
(b)
(c)
(d)

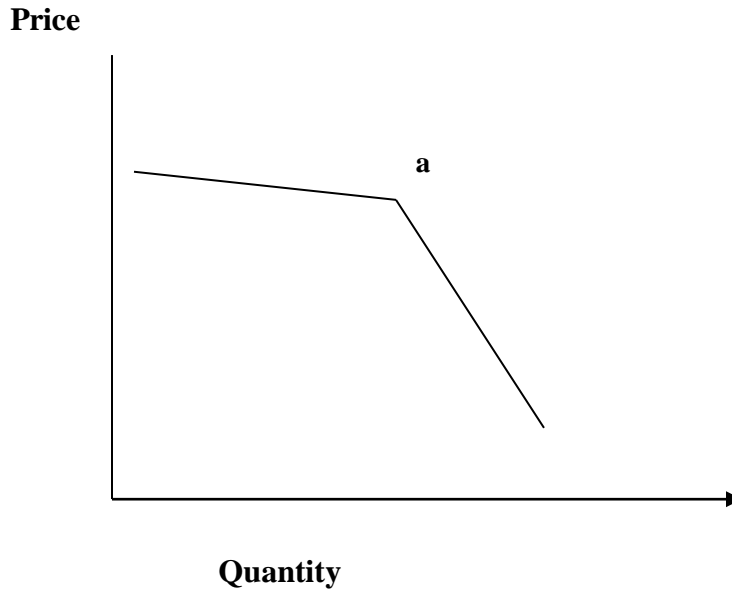
2. State **four** reasons why a farmer would prefer to transport a herd of cattle by rail rather than by road. (4 marks)
(a)
(b)
(c)
(d)

3. State **four** advantages of using internet as a means of communication. (4 marks)
(a)
(b)
(c)
(d)

4. State **four** measures which the Kenyan government can take to solve the unemployment problem. (4 marks)
(a)
(b)
(c)
(d)

5. Highlight **four** roles played by an entrepreneur in the production process. (4 marks)
(a)
(b)
(c)
(d)

6. The diagram below shows a demand curve for a firm operating in a given type of market structure. (4 marks)



- a) State the name which is given to such a demand curve. (1 marks)
-
- b) Indicate on the diagram the possible price and quantity. (2 marks)
-
- c) State the significant of the point labelled **a**. (1 mark)
-

7. State four duties of customs officials in a bonded warehouse. (4 Marks)

- (a)
- (b)
- (c)
- (d)

8. The following relate to Onyango Traders for the year 2020

- i) Closing capital (31.12.2020) Sh. 300,000
- ii) The owner converted his personal computer valued at Sh. 35,000 into business use.
- iii) The owner had withdrawn goods worth Sh. 40,000 for personal use.
- iv) Incurred losses amounting to Sh. 65,000

Determine Onyango Traders initial capital on (1.01.2020). (4 marks)

9. For each of the following books of original entry, indicate the source document:

(4 marks)

Journal	Source document
Purchases journal	
Sales day book	
Petty cash book	
General journal	

10. State **four** objectives of product promotion.

(4 marks)

- (a)
- (b)
- (c)
- (d)

11. Highlight **four** difficulties faced in satisfaction of human wants.

(4 marks)

- (a)
- (b)
- (c)
- (d)

12. Outline **any four** measures that a firm should take to improve the performance of its labour force. (4 marks)
- (a)
- (b)
- (c)
- (d)
13. Highlight **four** benefits of globalisation to business enterprise. (4 marks)
- (a)
- (b)
- (c)
- (d)
14. Kazi Moto insured a motor vehicle against fire with Moto Moto company by paying Kshs.300.000. later the car was destroyed at a garage and a compensation of Kshs. 4,000 were paid. Using insurance terms, state what each of the following stand for; (4 marks)
- a) Kazi Moto
- b) Fire.....
- c) Kshs. 300,000.....
- d) Moto Moto Company.....

15. Show the effect of each of the following transaction to capital, assets and liabilities indicating if its increasing (+), decreasing (-) or nil (0). (4 marks)

Transaction	Capital	Asset	Liability
a) Converted private house into business premises			
b) Paid creditors in cash			
c) Sold a business car valued at sh 400,000 for sh 300,000 on credit			
d) Sold goods on credit			

PAPER 2 (40 MARKS) –Answer Any Two Questions

Question 16

- a) Explain five advantages of government involvement in business activities. (10marks)
b) On 1st June 2018, the following balances were in the books of Omote Traders.

Cash sh 15,000 Bank CR 40,000

The following transactions occurred during the month.

Date 4 Omenga a debtor settled his account of sh 10,000 by a cheque of sh 8,000.

7 Deposited sh 4,000 into the business Bank account from the cash till

8 Paid rent by cash sh 4,000

14 Cash sales sh 14,000

17 Purchased furniture worth sh 3,000 paying by cheque

18 Settled Maina's account of sh 10,000 after being allowed a discount of 5% by cash

20 Received sh 6,000 cash from Nyori a debtor.

22 Kemboi a debtor settled his account of sh 4,000 by cheque having been allowed a discount of 2%.

25 Deposited sh 17,000 into the bank from private sources.

30 Banked all the cash.

Required

Prepare a three column cash book duly balanced.

Question 17

- a) Explain five circumstances that would influence a producer to sell their products directly to the consumers. (10 marks)
b) The following trial balance relates to Kongo traders as at 30th June 2018

Particular	Dr	Cr
Stock 1 st July 2017	450,000	
Purchases	800,000	
Sales		1,200,000
Carriage Outwards	10,000	
Carriage Inwards	5,000	
Returns	30,000	20,000
Sundry Expenses	100,000	
Transport	20,000	
Stock 30 th June 2018	550,000	
Capital		745,000

1,965,000

1,965,000

Required:

Calculate;

- | | | |
|-------|---------------------------|-----------|
| (i) | Rate of stock turnover | (3 marks) |
| (ii) | Rate of return on capital | (2 marks) |
| (iii) | Markup | (2 marks) |
| (iv) | Turnover | (1 mark) |
| (v) | Margin | (2 marks) |

Question 18.

- a) Discuss **five** problems of using national income statistics to compare the living standards of the citizens. (10 marks)
- b) Explain five Factors that could lead to an increase in supply of potatoes in the market (10 marks)

