



1. Highlight four challenges that may face barter trade? (4mks)

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2. State four factors that determine the amount of money held for transaction motive? (4mks)

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3. Wanjohi traders wanted to build their own warehouse. Advice them on four essentials that may make their warehouse efficient? (4mks)

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4. Outline four problems which are encountered in using output approach to compute national income of a country? (4mks)

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5. Name any four characteristics of perfect competition? (4mks)

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6. Outline four circumstances under which a trader would hire instead of purchasing an office machine? (4mks)

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7. For each of the following transactions indicate with tick in the spaces provided whether it will increase, decrease or have no effect on the balance sheet? (4mks)

Transaction effect	increase	decrease	no
✓ Investing more cash in the business			
✓ Paying creditors in cash			
✓ Buying a piece of furniture in cash			
✓ Purchased stock on credit			

8. Outline four circumstances under which the insurance company would not compensate the insured in the event of loss? (4mks)

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9. Outline four measures through which the government of Kenya can take to solve unemployment problem? (4mks)

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10. Outline four characteristics of basic human wants? (4mks)

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11. State any four contents of articles of association of a limited liability company?(4mks)

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12. Classify each of the following activities into its appropriate level of production? (4mks)

Activity	level of production
Harvesting maize	
Oil refining	
Advertising	
fishing	

13. Outline four benefits of cash on delivery (COD) and cash with order (CWO) as a means of payment? (4mks)

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14. State four ways through which customers may protect themselves against unfair business practices by traders? (4mks)

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15. Outline four reasons why a transporter of goods from Mombasa to Kisumu may prefer rail transport to road transport? (4mks)

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16. The diagram below shows a shift in demand curve for product X1 from D1 to D2

D2      D1

D2

D1

State four possible causes that led to the situation? (4mks)

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17. List any four features of a common market level of economic integration? (4mks)

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18. Outline four advantages of direct taxes? (4mks)

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19. Indicate whether the following resources are renewable or non-renewable? (4mks)

resources	Classification
➤ Limestone	
➤ Natural rubber	
➤ Soda ash	
➤ Solar energy	

20 .State four errors that affect the agreement of a trial balance? (4mks)

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21. State the source document for the following journals? (4mks)

Journal	Source document
a) sales journal b) purchase journal c) cash receipt journal d) sales return journal	

22. The table below shows the age distribution of a country? (4mks)

Age (yrs)	Percentage
0-15	45%
16-55	31%
56 and above	24%

State four negative economic implications of this age distribution to a country? (4mks)

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23. The following information was extracted from the books of Wema enterprises

- i. ) Wema had withdrawn goods worth sh.20,000 for personal use.
- ii. ) In the course of the year he converted private furniture valued at sh.15,000 into business use.
- iii. ) The business incurred loss of sh.8,000
- iv. ) closing capital was sh.120,000

Determine wema enterprises Initial capital? (4mks)

24. Give four measures that a government may use to control demand – pull inflation?(4mks)

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25. The following information relates to mbooni traders for the year ended 31<sup>st</sup> December 2009

	Shs.
Gross profit	140,000
Salaries	20,000
Electricity charges	8,000
Discount allowed	6,000
Discount received	26,000

Required:-

Prepare profit and loss account of mbooni traders for the year ended 31<sup>st</sup> December 2009 (4 mks)