

Name.....

ADM No.....

Stream.....

Candidate's signature.....

Index No .....

Date.....

**565/1**

**BUSINESS STUDIES**

**Paper 1**

**March 2015**

**2 HRS**

**Instructions to candidates**

- (a) Write your name and Adm Number in the spaces provided above.
- (b) Answer ALL the questions.
- (c) All answers must be written in the spaces provided.
- (d) Candidates should check the question paper to ascertain that all the pages are printed as indicated and no of questions missing.
- (e) This paper consist of 8 printed pages.
- (f) Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
- (g) Candidates should answer all the questions in English.

**For Examiners Use Only**

Questions	1	2	3	4	5	6	7	8	9	10	11	12	
Marks													
Questions	13	14	15	16	17	18	19	20	21	22	23	24	25
Marks													

**Total marks**

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1.Highlight **four** reasons why people engage in Business activities.

- i)-----
- ii)-----
- iii)-----
- iv)-----

2. Outline **four** types of resources that are important in Business. (4mks)

- i)-----
- ii)-----
- iii)-----
- iv)-----

3. State **four** functions of an entrepreneur in the production of goods and services. (4mks)

- i)-----
- ii)-----
- iii)-----
- iv)-----

4. Identify the machine used to perform the following tasks. (4mks)

<b>Statements</b>	<b>The machine</b>
a) To count coins and notes	
b) To trim paper into required sizes and shapes	
c) To fold documents, place them in envelope and seal the envelope	
d) To print postage impression on envelopes	

5. Outline **four** differences between chain stores and departmental stores. (4mks)

Chain stores	Departmental stores
i)	
ii)	
iii)	
iv)	

6. State **four** statistics that are associated with the measurement of National income. (4mks)

- i)-----
- ii)-----
- iii)-----
- iv)-----

7. Prepare Sunshine Traders Balance sheet from the following list of balances extracted from his books as at 31 December 2013. (4mks)

Capital	357,000
Stock	40,000
Machines	150,000
Furniture	7,000
Motor vehicles	200,000
Bank	20,000
Creditors	25,000
Cash	5,000
Debtors	60,000
Loan from KCB	100,000

8. Outline **four** characteristics of a good filing system (4mks)

i)-----

ii)-----

iii)-----

iv)-----

9. Highlight **four** methods that Government uses to protect consumers. (4mks)

i)-----

ii)-----

iii)-----

iv)-----

10. State **four** factors that a manager should bear in mind to ensure that he/she effectively communicates with the employees. (4mks)

i)-----

ii)-----

iii)-----

iv)-----

11. State the meaning of the following principles of insurance . (4mks)

a) Subrogation-----

-----

b) Contribution-----

-----

c) Insurable interest-----

-----

d) Indemnity-----

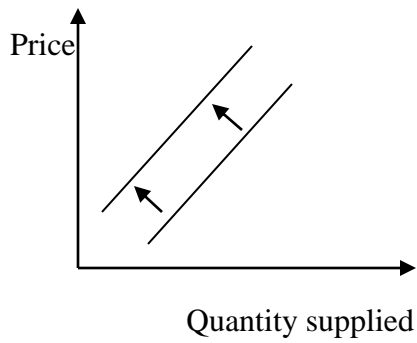
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12.Highlight four characteristics of underdevelopment.

(4mks)

- i)-----
- ii)-----
- iii)-----
- iv)-----

13



State **four** factors that may have caused the change shown in the diagram above.

- i)-----
- ii)-----
- iii)-----
- iv)-----

14. Highlight **four** causes of unemployment in Kenya.

(4mks)

- i)-----
- ii)-----
- iii)-----
- iv)-----

15. Outline **four** circumstances under which Mr Ondieki (a farmer) may distribute his products directly to his customers. (4mks)

i)-----

ii)-----

iii)-----

iv)-----

16. Tripple SSS wholesalers had the following information as at 31 December 2013 (4mks)

Closing capital	70,000
Total expenses	5,000
Drawings of goods	6,000
Total incomes	3,000

Calculate the capital at the beginning of the year.

17. Highlight **four** advantages of localization of firms. (4mks)

i)-----

ii)-----

iii)-----

iv)-----

18. State **four** characteristics of good money. (4mks)

- i)-----
- ii)-----
- iii)-----
- iv)-----

19. Identify the day book associated with the following source documents given below. (4mks)

Source documents	Day books
Invoice received	
Credit note received	
Receipt issued	
Debit note received	

20 Highlight **four** purposes of public finance. (4mks)

- i)-----
- ii)-----
- iii)-----
- iv)-----

21. The following balances were extracted from the books of Okinda wholesalers on 31<sup>st</sup> December 2006. (4mks)

	<b>Sh</b>
Capital	800,000
Sales	250,000
Debtors	70,000
Purchases	160,000
Creditors	45,000
Opening stock (1.1.2006)	40,000
Closing stock (31.12.2006)	20,000
General expenses	50,000
5 year bank loan	200,000
Insurance expenses	20,000
Salaries and wages	80,000

**Required, calculate**

i) Mark up (1mk)

ii) Current ratio (1mk)

iii) Rate of stock turnover (1mk)

iv) Rate on return on capital (1mk)

23. Highlight **four** uses of a proforma invoice. (4mks)

i)-----

ii)-----

iii)-----

iv)-----

24. State **four** factors that affect the productivity of an office worker. (4mks)

i)-----

ii)-----

iii)-----

iv)-----



25. In each of the following cases, state the type of inflation described

(4mks)

a) The unrest in Libya has resulted to an increase in the price of oil	
b)The price of bread has gone upto sh.60 due to increase in the price of wheat	
c) A lot of money in circulation has led to the general increase of price	
d) Arise in price due to uneven growth in some sectors of the economy.	

**565/2**  
**FORM 4**  
**BUSINESS STUDIES**  
**PRE-MOCK 1 – MARCH 2015**  
**TIME: 2½ HOURS**

NAME ..... CLASS.....ADM NO:.....  
DATE.....

**Instructions to candidates**

- a) Write your name and adm. no in the spaces provided above.
- b) Sign and write the date of the examination in the spaces provided above.
- c) This paper consists of **six** questions.
- d) Answer any **five** questions in the answer booklet provided.
- e) All questions carry equal marks.
- f) This paper consists of **3** printed pages.
- g) Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
- h) Candidates should answer the questions in English.

**For examiner’s use only**

<b>Questions</b>	<b>Maximum Score</b>	<b>Candidates Score</b>
<b>1</b>	<b>20</b>	
<b>2</b>	<b>20</b>	
<b>3</b>	<b>20</b>	
<b>4</b>	<b>20</b>	
<b>5</b>	<b>20</b>	
<b>6</b>	<b>20</b>	
	<b>TOTAL SCORE</b>	

1. **a)** Explain **five** benefits that would accrue to Country as a result of delocalization. (10mks)
- b)** Explain **five** features of a perfect competition market structure (10mks)
2. **a)** The following transactions relate to Vivylex wholesalers for the month of December 1998.

**1998**

- Dec.**
- |    |   |
|----|---|
| 1  | Bought goods on credit from Weka Distributors sh.46,200, Micko sh15,600 and Limo shs38,360.       |
| 3  | Sold goods on credit to Lwanda Retailers shs.39,200, Motor Grocers sh.25,560 and Mawe shs.12,650. |
| 7  | Returned goods to Micko sh4,200 and Limo shs6,140.  |
| 11 | Bought goods on credit from Tuktuk sh34,830.  |
| 12 | Goods returned by motor Grocers hs4,550 and Lwanda Retailers sh1,280.                             |
| 15 | Sold goods on credit to Motor Grocers shs6,800, Marion traders shs12,800.                         |
| 18 | Goods returned by Marion Traders shs2,060.  |
| 22 | Bought goods on credit from Fatuma shs22,100, Temo shs38,350.                                     |
| 28 | Credit sales to Ngula shs16,060, Oyunga shs12,960 and Mawe shs15,260.                             |

Enter the above transaction in the respective books of original entry (10mks)

- b)** Discuss **five** factors that enhances efficient running of a warehouse. (10mks)
3. **a)** Explain **five** negative effects of inflation to a country's economic development.(10mks)
- b)** Highlight **five** importance of entrepreneurship to the economy of a country. (10mks)
4. **a)** Explain **five** factors that can lead to unfavourable balance of payment. (10mks)
- b)** Explain **five** factors to be considered when choosing a method of product promotion (10mks)
5. **a)** Describe **five** procedure to be followed when taking an insurance policy. (10mks)
- b)** Explain **five** limitations of containerization in transport sector. (10mks)
6. **a)** Highlight **five** benefits that a country will enjoy as a result of indirect production(10mks)

- b) The following trial balance was extracted from the books of Mugoya Traders as at 30<sup>th</sup> June, 2014

**Mugoya Traders  
Trial balance  
As at 30<sup>th</sup> June 2014**

<b>Details</b>	<b>Dr (shs)</b>	<b>Cr (shs)</b>
Premises	1,500,000	
Debtors and creditors	20,000	30,000
Cash at bank	90,000	
Cash in hand	10,000	
Purchases and sales	140,000	320,000
Stock of good on 1 <sup>st</sup> July 2013	45,000	
Discounts	6,000	2,000
Salaries and wages	50,000	
Commissions		8,000
Power and lighting	12,000	
Returns	15,000	19,000
Carriage outwards	2,300	
Carriage inwards	5,400	
Capital		1,543,700
Furniture	27,000	
	<b>1,922,700</b>	<b>1,922,700</b>

***Additional information***

Stock of goods on 30<sup>th</sup> June, 2014 was worth sh22, 000.

**Required:** prepare trading, profit and loss account for the period ended 30<sup>th</sup> June, 2014. (10mks)