

Name: _____ Index No.: _____

Class _____ Adm. No. _____ Candidate's Signature: _____

Date: _____

565/1

BUSINESS STUDIES

Paper 1

MAY 2015

Time: 2 hours

TIGANIA SOUTH PRE-MOCKS 2015

Kenya Certificate of Secondary Education

565/1

Paper 1

BUSINESS STUDIES

2 hours

INSTRUCTIONS TO CANDIDATES

- i) Write your name, index number, class and admission number in the spaces provided above.
- ii) Sign and write the date of the examination in the spaces provided above.
- iii) Answer all questions in the spaces provided.
- iv) This paper consists of **9** printed pages
- v) Check the question paper to ascertain that all the pages are printed as indicated and no questions are missing.

1. Highlight **four** reasons why public relations is a popular way of product promotion among banks. (4mks)

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

2. Mention **four** non-tax internal sources of revenue to the government. (4mks)

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

3. Outline **four** measures that an employer can put in place to improve the performance of her human resource. (4mks)

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

4. State whether each of the following transactions will increase, decrease or have no effect on the Balance Sheet totals (4mks)

Transaction	Effect on Balance sheet totals
a) Sold a private car and deposited the money in business bank account	
b) Withdrew money from bank for office use	
c) Paid Mr. Kimeli, a creditor in cash	

d) Purchased a Motor car by cheque	
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5. Highlight **four** conditions that must be met in order for an insurance contract to be valid. (4mks)

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

6. Enter the following transactions in the relevant book of original entry (4mks)

- 2014 June 1. Made cash purchases worth sh. 25,000
- ,, 5. Paid sh.38,000 by cheques in full settlement of a debt owed to Kibogong after deducting a 5% cash discount.
- ,, 12. Bought stationery and paid by cash sh.19,000.
- ,, 19. Settled a debt of sh.90,000 owed to Yatich stores by cheque after deducting a 3% cash discount.
- ,, 28. Paid the month's salaries of sh 80,000, by cash, sh. 30,000 and the balance by cheques.

7. Outline **four** ways which the government can use to influence the supply of maize in Kenya. (4mks)

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

8. Outline **four** negative effects of inflation to an economy. (4mks)

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

9. Highlight **four** benefits enjoyed by a holder of a credit card (4mks)

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

10. The following balances relate to the business of Roba Traders during the period ended 31st March 2014.

	Shs.	
Cash at bank	680,000	
Premises	500,000	
Machinery	175,000	
Creditors	190,000	
Furniture	85,000	
Motor van	200,000	
Cash in hand	50,000	
Extract the trial balance of Roba Traders as at 31 st March 2014.		(4mks)

11. Highlight **four** circumstances under which air transport can be preferred to transport goods from one place to another. (4mks)

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

12. Study the following document used in home trade.

SIRO TRANSPORTERS CO. LTD
SIRO BUILDING,
OLOO STREET, NANDI ROAD

P.O BOX 100, ELDORET				
SUPPLIER'S NAME & ADDRESS			BUYER'S NAME & ADDRESS	
HANDLING INFORMATION				
QUANTITY TOTAL	DESCRIPTION	WEIGHT(KGS)	COMMODITY /ITEM NUMBER	
TRANSPORT CHARGES PAID				
SIGNATURE OF TRANSPORT CO.			SIGNATURE OF SELLER	
DATE			DATE	

- I. Name the document shown above(1mk)
- II. Name two uses of the document (2mks)
 - a).....
 -

b).....
.....

13. List **four** costs incurred by intermediaries in the chain of distribution (4mks)

(a)

(b)

(c)

(d)

14. Prepare ledger accounts from the following transactions relating to Tito Traders for the month of January 2015 (4mks)

January 5th sold goods for Shs 20,000 cash

10th bought furniture for Shs 50,000 on credit from Jamwal Traders

21st Paid Shs 10,000 cash to Jamwal traders

21st Returned furniture worth Shs 6,000 found damaged to Jamwal Traders

15. Highlight any **four** features of time deposit account (4mks)

(a)

(b)

(c)

(d)

16. Name **four** commercial services that facilitate trade. (4mks)

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

17. The following balances were extracted from the books of Njoro Traders for the period ended 31st December 2013

	Ksh.
Gross profit	10,000
Salaries	2,000
Commission income	4,000
Rent received	3,000
Electricity	2,000
Carriage outwards	4,000

Prepare a profit and loss account (4mks)

18. Highlight **four** factors that determine the National income of a country. (4mks)

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

19. Highlight **four** causes of demand pull inflation (4mks)

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

20. Outline **four** ways in which the problem of scarce resources can be addressed by a consumer. (4mks)

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

21. Highlight **four** ways in which local resources can be managed to alleviate unemployment problems in Kenya. (4mks)

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

22. Outline **four** factors that comprise a negative internal environment in a business. (4mks)

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

23. The following information relates to Waruhio Traders as at 31st December 2011.

Waruhio Traders
Balance Sheet
As at 31st December 2011

<u>Fixed Assets:</u>	Shs.		Sh.
Furniture	203,000	Capital	359,000
		Plus Net profit	<u>114,000</u>
<u>Current Assets:</u>			473,000
Stock	174,000	Less Drawings	<u>73,000</u>

Debtors	113,000		400,000
Cash at Bank	53,000	<u>Short term liabilities:</u>	
		1 year Loan	79,000
		Creditors	<u>64,000</u>
	<u>543,000</u>		<u>543,000</u>

- a) Calculate the total current assets. (1mk)
- b) Determine the capital owned. (2mks)
- c) Calculate the working capital (1mk)

24. Given below are functions of office equipment. Identify the name of the equipment against the rightful use. (4mks)

Functions of the Machine	Office Equipment
a) Used in posting information to ledgers and preparing payrolls	
b) To transmit printed messages such as photographs, letters, and maps	
c) Usually fire proof where important documents in an organization are stored	
d) Used to carry out many functions such as storing information, typing and performing complex calculations	

25. Outline **four** factors that may give rise to monopoly power in an economy. (4mks)

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

Name..... Index No.
Adm.No.....Class.....

565/2
BUSINESS STUDIES
PAPER 2
MAY 2015
FORM FOUR
TIME: 2 HRS.

TIGANIA SOUTH PRE-MOCKS 2015
565/2
BUSINESS STUDIES
FORM FOUR
TIME: 2½ HRS.

INSTRUCTIONS

- ❖ Answer **any five** questions in the separate answer sheet provided.

1. (a) Explain **five** measures put in place by the government to bring order in road transport sector in Kenya today. **(10 marks)**

(b) Explain **five** reasons why per capita income is not a good indicator of standards of living. **(10 marks)**

2. (a) On 1st November 2013: Tabagon Co. Ltd. had a balance of shs. 12,000 at the bank and shs. 2500 in hand. During the month, the following transaction took place;

Nov. 1 Cash sales Shs. 2500, cash purchase Shs. 1750
Nov. 3 Paid the following accounts by cheque.
Kirop Shs. 1500 less 5% cash discount
Kirui Shs. 2000 less 5% cash discount
Nasimiyu shs. 2100 less 3 % cash discount
Nov. 5 Received the following amounts from debtors,
Ondiek shs. 1200, Jane shs. 3850 and Mueni by cheque shs. 2050 after allowing her shs. 300 cash discount.
Nov. 14 Paid office cash to the bank shs. 2000
Nov. 17 Cash sales 8500
Nov. 22 Mueni paid her account of shs. 5000 by cheque less 10% cash discount
Nov. 28 Withdrew all the money from the bank for office use except shs. 1000
Nov. 29 Paid salary cash shs. 8000
Nov. 30 A cheque received from Mueni on Nov. 5th was dishonoured.

Prepare Tabagon Co. Ltd. three column cash book. **(10 marks)**

(b) Describe the procedure of obtaining an insurance claim. **(10 marks)**

3. (a) Explain the meaning of the following terms as used in business ownership. **(10 marks)**

(i) Franchising
(ii) Merger
(iii) Holding company
(iv) Front Office Savings Account (FOSA)
(v) Globalization

(b) Explain **five** features of a hypermarket. **(10 marks)**

4. (a) Explain **five** emerging issues in office practice today. **(10 marks)**

(b) Explain **five** reasons that account for the existence of small firms in an economy. **(10 marks)**

5. (a) Explain **five** ways in which communication enhances trading activities. **(10 marks)**
- (b) Highlight **five** factors that facilitate entrepreneurial development in an economy. **(10 marks)**
6. (a) The following trial balance was extracted from the ledgers of Gathiro's mobile phones business for the year ended 31st Oct 2013.

**Gathiro's mobile phones
Trial Balance
As at Gathiro's 31st Oct 2013**

Details	Dr. (Shs)	Cr. (Shs)
Sales		855,000
Purchase	420000	
Sales returns	12000	
Purchase returns		20000
Creditors		165000
Debtors	63000	
Motor vehicle	480000	
Cash in hand	65000	
Furniture	190000	
Carriage inwards	14000	
Stock	280000	
Capital		626250
Drawing	88000	
Telephone	6400	
Insurance	8200	
Postage	3850	
Rent	19600	
Discounts received		4000
Advertising	12900	
Discount allowed	7300	
	1670250	1670250

On 31st Oct. 2013, the business had closing stock valued at Shs. 60,000

Required

- (i) The trading, profit and loss a/c for the year ended 31st Oct 2013. **(8 marks)**
- (ii) A balance sheet as at that date. **(4 marks)**
- (b) Explain **five** services rendered by the Central Bank to the government. **(10 marks)**