

NAME: \_\_\_\_\_

INDEX/ADM NO. \_\_\_\_\_

CANDIDATE SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

565/1  
BUSINESS STUDIES  
PAPER 1  
JULY/AUGUST 2013  
2 HOURS

LARI DISTRICT JOINT MOCK EXAMINATION  
KENYA CERTIFICATE OF SECONDARY EDUCATION  
BUSINESS STUDIES  
PAPER 1  
2 HOURS.

**INTRODUCTIONS TO CANDIDATES**

- (a) Write your name and Admission Number in the spaces provided above
- (b) Sign and write the date of examination in the spaces provided above.
- (c) Answer all the questions.
- (d) All answers must be written in the spaces provided in this booklet.
- (e) Do not remove any page from this booklet.
- (f) This paper consists of 7 printed pages.
- (g) Candidates should check the question papers to ascertain that all pages are printed as indicated.

For examiner's use only

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

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1. State four circumstances under which a manufacturer may sell goods directly to customers. (4marks)
  - (i) .....
  - (ii) .....
  - (iii).....
  - (iv).....
  
2. Highlight four changes which have occurred in the banking industry in the recent past. (4marks)
  - (i) .....
  - (ii) .....
  - (iii).....
  - (iv).....
  
3. Outline four benefits of becoming a member of a savings and credit co-operative society. (SACCO) (4marks)
  - (i) .....
  - (ii) .....
  - (iii).....
  - (iv).....
  
4. Highlight FOUR roles of the stock exchange as a market for securities. (4marks)
  - (i) .....
  - (ii) .....
  - (iii).....
  - (iv).....
  
5. State four factors that may cause a decrease in the quantity demanded of a commodity. (4marks)
  - (i) .....
  - (ii) .....
  - (iii).....
  - (iv).....

6. The table below relates to information on three business enterprise; a Salon, Bakery and Kiosk. Determine the missing values a, b and C for the three businesses. (3 marks)

BUSINESS	ASSETS(SH)	LIABILITIES(SH)	CAPITAL (SH)
Salon	(a)	65,000	175,000.00
Bakery	197,000	(b)	87,000
Kiosk	90,000	62,000	(C)

7. Highlight four roles of warehousing in promotion of trade. (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

8. Outline four measures that the government of Kenya can institute to achieve higher levels of economic development. (4 marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

9. Highlight four circumstances under which an insurance contract can be terminated. (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

10. Carbacid company limited has imported machines and other equipment from Germany and they are yet to be cleared at the port of Mombasa. Outline any four documents that the management may require to have the goods cleared. (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

11. On 31<sup>st</sup> December 2012, Kalu traders had capital of sh 470,000. The following, transactions had taken place during the year;

Additional investments	sh	90,000.
Drawings	Sh.	28,000
Net loss	sh.	34,000

Determine Kalu traders capital on 1<sup>st</sup> January 2012.

(3marks)

12. Highlight four techniques applied by a trader in sales promotion.

(4marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

13. State four reasons why government would prefer to privatize state owned business enterprises. (4marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

14. Indicate by a tick ( ) whether inflation increases or decreases the value of the items listed below. (4mks)

ITEM	EFFECT OF INFLATION	
	Increase	Decrease
(a) Profit of a business		
(b) Income of a pensioner		
(c) Bank deposits		
(d) value of land.		

15. Name four parties to which a business must be socially responsible to.

(4marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

16. The following information relates to Komu Traders for the year 2012.

Sales sh. 270,000

Margin 40%

Rates of stock turnover 6 times. From the information given above, calculate;

(a) Gross profit (2marks)

(b) Cost of goods sold (2marks)

(c) Average stock (2marks)

17. Outline four essential features of a product market. (4mks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

18. Highlight four circumstances under which a businessman would choose to transport goods by air. (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

19. Identify the book of original entry into which information from the source documents stated below is recorded by the seller. (4marks)

Source document	Journal
(a) Incoming order	
(b) Invoice received	
(c) Cash deposit slips from bank	
(d) Outgoing debit note.	

20. State four benefits that may accrue to a community that engages in indirect production .(4marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv).....

21. State four reasons why a government imposes taxes. (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

22. The following diagram represents an extract of the format of a ledger account.

Dr.				Heading/Title	Cr.			
a	b	c	d	a	b	c	d	

State the information which is recorded in the columns labeled a, b,c, and d. (4marks)

- a) .....
- b) .....
- c) .....
- d) .....

23. State the type of human want one would be satisfying in each of the following activity .(4 marks)

(a) A tourist going to Hawaii	
(b) Feeding street children	
(c) Designing suits for the president	
(d) Getting involved in athletic's Marathon	

24. Mention four circumstances under which verbal communication would be used in an organization. (4 marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

25. Highlight four ways through which an entrepreneur can improve the internal environment of his / her business. (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....