

Name: ..... Index no .....

Date: ..... Adm NO:.....

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

# MARANDA HIGH SCHOOL MOCK EXAMINATION

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

**Business Studies  
Paper 1  
2 hours**

### INSTRUCTIONS TO CANDIDATES:

- Write your name and your index Number in the spaces provided above.
- Sign and write the date of examination in the spaces provided above.
- Answer *all* the questions in the spaces provided.

### FOR EXAMINERS USE ONLY:-

Question	1	2	3	4	5	6	7	8	9	10	11
Score											

Question	12	13	14	15	16	17	18	19	20	21	22
Score											

*This paper consists of 7 printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.*

1. State how each utility is created in production. (4mks)

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

2. List four essentials of transport (4mks).

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

3. Highlight four advantages of a free warehouse (4mks).

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

4. E-banking is one of the trends observed in banking sector, name four benefits of this service to the account holder (4mks).

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

5. State four characteristics of insurable risk (4mks).

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

6. State four difficulties encountered when calculating the price indices (4mks).

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

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7. Outline four importance of a well laid business structure to an organization.

(4mks)

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

8. State four characteristics of parastatals

(4mks).

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

9. Give four reasons which contribute to low taxable capacity in developing countries

(4mks).

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

10. Outline four common things found in a complete economic integration

(4mks).

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

11. State four limitations of consumer initiated methods of protection

(4mks).

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

12. Highlight **four** problems faced in the satisfaction of human wants.

(4mks)

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

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13. Give four disadvantages of radio calls as a means of communication (4mks).

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

14. Outline four benefits of development to a country (4mks).

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

15. State four importance of journals to a finance department in an organization (4mks).

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

16. Give four reasons justifying the use of credit note in a business transaction (4mks)

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

17. The following information was extracted from books of Poa traders for the following years.

	2008	2007.
	Shillings	shillings
Stock	140000	220000
Bank	60000	100000
Creditors	300000	250000
Debtors	280000	160000
Salary outstanding	50000	-----

Required:

Determine current ratio for the two years

(4mks).

18. Outline **four** reasons for establishment of a business enterprise

(4mks)

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

19. In each of the following cases, indicate whether the supply will increase, decrease or remain constant

(3mks)

- a) If the demand for coffee rises, the supply of tea is likely to: .....
- b) If the prices of cars fall, the supply of petrol as likely to:.....
- c) If the demand for beef increases the supply of wool is likely to:.....

20. Highlight four circumstances under which a firm would be located near the market for its product

(4mks)

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

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21. In the spaces provided, indicate with a (+) or (-) the effects of each one of the following transactions on the assets, liabilities or capital (4 marks)

Transactions	Assets	Liabilities	Capital
a. bought furniture on credit			
b. paid creditors by cash			
c. withdrew cash for personal use			
d. converted a personal car for business use			

22. The following balances were obtained from the books of Rah traders

	Shs
Opening stock	50,000
Sales	360,000
Gross profit	25% of sales
Closing stock	70,000

Calculate:

- a) Cost of goods sold (5mks)
- b) Rate of stock turnover

23. Identify four channels a manufacturer would use to distribute his goods to the Customer

(4mks).

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

24. The following balances were extracted from the books of Dipa traders as at 31<sup>st</sup> December 2000

Buildings	100,000
Debtors	54,000
Capital	136,000
Sales	85,000
Purchases	48,000
Stock Jan 2000	25,500
Creditors	37,500
General expenses	31,800
Bank overdrafts	2,500

Prepare a trial balance as at 31 December 2000

(5mks).

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25. Indicate whether the following resources are renewable or non-renewable

( 8 x ½ = 4mks)

**Resource**

**Classification**

1. Limestone .....
2. Natural rubber .....
3. Solar energy .....
4. Biogas .....
5. Rivers .....
6. Wildlife .....
7. Soda ash .....
8. Forest .....

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