

**BUSINESS STUDIES 565/1**

**PAPER 1**

**PRE - MOCKS 2013**

**2 HOURS**

**Answer ALL QUESTIONS IN THE SPACES PROVIDED.**

1. State ways by which the following types of utilities are created. (4mks)

Type of utility	Way(s) of creation
i) Form ii) Possession iii) Time iv) Place	

2. Mention four roles played by intermediaries in the distribution chain of goods. (4mks)

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

3. State any four trends in product promotion. (4mks)

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

4. Highlight four sources of government revenue. (4mks)

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

5. Outline four circumstances under which one would prefer cash rather than cheque payment. (4mks)

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

6. Give any four policies in marine insurance. (4mks)

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

7. The following assets and liabilities of Buma traders on 31st October, 2011.

	Kshs.
Furniture	18,000.00
Bank loan (5yrs)	332,100.00
Motor van	342,000.00
Stock	18,900.00
Debtors	8,000.00

Cash at bank	505,000.00
Creditors	59,800.00
Capital	500,000.00

Required: Prepare the balance sheet of Buma Traders as at 31st October, 2011 in order of permanency. (4mks)

8. Outline the provisions of the partnership Act of 1963 regarding the following. (4mks)

a) Inspection of books of account.

b) Interest on capital.

c) Capital contribution.

d) Admission of a new partner.

9. Highlight four negative effects of inflation in a country.

(4mks)

i)

ii)

iii)

iv)

State four factors that encourage entrepreneurial practices in Kenya today. (4mks)

i)

ii)

iii)

iv)

11. Give four essentials of a functional warehouse.

(4mks)

i)

ii)

iii)

iv)

For More Free KCSE Past Papers Visit [www.freekcsepastpapers.com](http://www.freekcsepastpapers.com)

12. On 1st January, 2009, Sesy Enterprises started a business with Shs.123,500.00 and Shs.10,000.00

in bank and cash respectively. During the year, the following transactions took place:

2009

- Jan 2: Bought office furniture Shs.5, 000.00 and paid by cheque.  
Jan 6: Bought goods on credit Shs.12, 400.00 from Kanzu traders.  
Jan 10: Bought goods Shs.800.00 in cash.  
Jan 18: Sold goods for Shs.17, 000.00 to Nyamu Traders on credit.  
Jan 20: Returned goods worth Shs.1, 400.00 to Kanzu traders.  
Jan 24: Sold goods for Shs.3, 000.00 in cash.  
Jan 25: Deposited Sh.12,000 form cash till into bank account.  
Jan 30: Nyamu Traders returned goods for Shs.300.00.

Required: Post the above transactions in bank and capital accounts and balance them off. (4mks)

13. Outline four ways by which the government can protect consumers. (4mks)

- i)  
ii)  
iii)  
iv)

14. The following transaction took place during the month of June 2010 in the books of Tawala Traders.

2010

June 10: Paul transporters returned goods worth Shs.4,000, Credit Note No.602.

June 18: Rawila returned part of the goods sold to him amounting to Kshs.450.

Credit Note No.603.

June 25: Mwamboka returned wrong size goods worth Kshs.1,000 which had been sold to him earlier. Credit Note No.604.

Required: Record the above transactions in relevant journal. (4mks)

15. List four reasons that account for the continued survival of small firms despite the existence of large firms producing similar goods. (4mks)

i)

ii)

iii)

iv)

16. The following information relates to Ndolo Traders for the year ended 31st December 2009.

	Shs.
Gross Profit	140,000.00
Salaries	20,000.00
Electricity charges	8,000.00
Discount allowed	6,000.00
Discount received	26,000.00

Prepare a profit and loss account for Ndolo Traders for the year ended 31st December, 2009.

17. Give four reasons why governments levy taxes.

(4mks)

i)

ii)

iii)

iv)

For More Free KCSE Past Papers Visit [www.freekcsepastpapers.com](http://www.freekcsepastpapers.com)

18. The government of Kenya has raised the retirement age of civil servants from 55 years to 60 years. Give four effects of such a move. (4mks)

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

19. The following account balances were extracted from books of Choppy Groceries on 30th June 2009.

	Shs.
Sales	600,000.00
Closing stock	220,000.00
Returns inwards	60,000.00
Purchases	340,000.00
Opening stock	240,000.00

Calculate:

a) Selling margin

b) Rate of stock turnover. (4mks)

20. Outline four reasons why a business would be located near the market for its products. (4mks)

- i)
- ii)
- iii)



iv)

21. State four circumstances when a country may find it necessary to control imports. (4mks)

i)

ii)

iii)

iv)

22. The following balances were extracted from the books of Asango Traders of 31st December, 2009.

	Shs.
Loan (Equity)	230,000.00
Land	1,500,000.00
Machinery	1,380,000.00
Cash	700,000.00
Creditors	1,300,000.00
Stock	1,250,000.00
Debtors	400,000.00
Loan –KCB	1,200,000.00
Capital	2,500,000.00

Determine the following:-

(4mks)

a) Working capital

b) Borrowed capital

c) Capital owned

d) Capital employed

23. Highlight four ways in which a country benefits by participating in international trade.

(4mks)

i)

ii)

iii)

iv)

24. Outline four measures that a country may take to promote her exports. (4mks)

i)

ii)

iii)

iv)

25. List four circumstances under which countries terms of trade would be favourable. (4mks)

i)

ii)

iii)

iv)