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565/1

BUSINESS STUDIES
PAPER 1
(Theory)
March/April 2013
2 hours

SIGNATURE:.....

DATE:.....



ALLIANCE GIRLS' HIGH SCHOOL
PRE-MOCK EXAMINATION

Instructions to candidate

- Answer **ALL** the questions in the spaces provided

This paper contains 10 printed pages. A candidate should check to ensure that all pages indicated are printed

1. Highlight any **four** factors that may favourably affect the business operations from within. (4mks)

2. Highlight any **four** differences between a monopoly and an oligopoly. (4mks)

3. The following terms relate to communication: vertical, horizontal, formal and informal. From the list, write the appropriate term of communication associated with each of the following statements.

Statement	Terms
a) A manager gives instructions to her supervisor in her division	
b) Rumours going round that the most disciplined worker will be rewarded.	
c) A manager issues general circular to the employees	
d) Prefects discussing discipline in their school.	

4. State any four functions of the Kenya National Chambers of commerce and industry. (4mks)

5. State any **four** advantages of a tied shop.

(4mks)

6. State any **four** features of a reinsurance company.

(4mks)

7. For each of the following transactions, indicate the source document and the book of original entry in which the transaction should be recorded. (5mks)

Transaction	Source document	Book of original entry
a) Purchase of goods on credit.		
b) Payment to a creditor		
c) Goods returned by a customer		
d) Sale of goods on credit		
e) Sale of a fixed asset on credit		

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8. The following balances were extracted from Mutamba Traders as at 31st March 2010.

	Ksh.
Furniture	220,000
Capital	206,500
Creditors	65,000
Debtors	87,000
Purchases	52,000
Lighting	2,500
Stock (1/3/2010)	5,000
Sales	95,000
Stock (31/3/2010)	10,000

Prepare Mutambo traders' trial balance as at 31st March 2010.

(5mks)

9. Highlight any **four** factors that discourage business persons from taking insurance policies.
(5mks)

10. Outline **four** reasons why E-banking is becoming popular.

(4mks)

11. State **four** disadvantages of delocalization of industries to a country.

(4mks)

12. State any **four** benefits that a large consumer gets from buying directly from a producer.

(4mks)

13. State any **four** factors that can limit the growth of a firm.

(4mks)

14. State any **four** factors that could lead to an increase in the demand for a commodity.(4mks)

15. Outline **four** advantages of personal selling in promoting sales. (4mks)

16. State **four** ways in which consumers are likely to suffer in a situation where there are no warehouses. (4mks)

17. Outline any **four** features of a public corporation. (4mks)

18. The following balance sheet relates to Kioo Traders as at 31st May 2011.

Kioo Traders
Balance Sheet
as at 31st May, 2011

	Sh.		Sh.
Capital	100,000	Furniture	90,000
Creditors	20,000	Debtors	40,000
Bank overdraft	60,000	Cash	50,000
	180,000		180,000

The following transactions took place during the month of June:

- Received cash sh. 30,000 from debtors
- Paid creditors Sh. 20,000 cash
- Bought office equipment for Sh.40,000 cash

Prepare a balance sheet as at 30th June 2011.

(5mks)

19. Indicate the effect of each of the following transactions on assets, liabilities and capital by using (+) for an increase, (-) for a decrease and (NC) for no change. (5mks)

Transaction	Effects		
	Assets	Liabilities	Capital
a) Cashed a cheque for personal use			
b) Bought premises on credit			
c) Paid a creditor by cash			
d) Converted a personal car into business use			
e) Received a cheque from a debtor			

20. State any **four** circumstances under which a business person would transport goods by sea. (4mks)

21. Highlight any disadvantages of an ageing population. (4mks)

22. State any **four** causes of frictional unemployment.

(4mks)

23. Highlight any characteristics of labour as a factor of production.

(4mks)

24. State circumstances under which the following documents are used-;

- (i) Debit note
- (ii) Proforma invoice
- (iii) Credit note
- (iv) Sales invoice

25. Give four benefits of using a franking machine in the office.

(4mks)

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