Name_______________________ Index No__________
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565/1
BUSINESS STUDIES
Paper 1
2 hours

Kenya Certificate of Secondary Education

MINI MOCK EXAMINATIONS, 2014

Instructions to candidates

This paper consists of 25 questions
Answer all questions

Candidates should check the question paper to ascertain that all the questions are printed as indicated and no questions are missing

1.Outline **four** characteristics of basic human wants. (4 marks)

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2. State **four** types of information that should be contained in an insurance policy.(4 marks)

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3. Outline **four** circumstances under which it may be appropriate to use downward communication in an organization. (4 marks)

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4. Outline four characteristics of a fixed deposit account. (4 marks)

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5. State the book of original entry in which of the following transactions would be recorded. (4 marks)

Transaction	Book of original entry
Bought machinery on credit	
Received sh,20,000 from Jane a debtor	
Sold goods worth sh.30,000 on credit to Njau	
Returned goods previously bought on credit to wanjala.	

6. Highlight **four** ways in which business letter differs from a personal letter. (4 marks)

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7. Highlight **four** reasons for drawing up the population structure in an economy. (4 marks)

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8. Identify **four** implications of results of failure by government to protect consumers from exploitation by traders. (4 marks)

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9. State **four** essentials of effective communication. (4 marks)

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10. Outline **four** ways a consumer may be affected when a long chain of distribution is used. (4 marks)

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11. Ronda Enterprises had the following transactions on 3rd February 2014.

(i) Returned goods worth sh.15,000 to Wangila Traders

(ii) Njoroge, a customer, returned goods worth sh.3,500 to the business.

Record the above transactions in the relevant ledger accounts. (4 marks)

12. Distinguish between the following terms:

a) Free goods and economic goods (2 marks)

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b) Intermediate goods and finished goods (2 marks)

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13. State the effect of the following transactions on the balance sheet totals by indicating increase, decrease or no effect (5 marks)

Transaction		Effect
(i)	Deposited cash from private savings into business bank account	
(ii)	Paid John a creditor cash	
(iii)	Purchased a delivery van and paid by cheque	
(iv)	Withdrew money from bank for office use	
(v)	Received a cheque from Njeri, a debtor	

14. Outline **four** reasons why human beings make choices in order to satisfy their wants.

(3 marks)

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15. Identify **four** internal sources of government revenue other than taxation. (4 marks)

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16. Outline **four** factors that may limit the productive capacity of Kenya's human resource. (4 marks)

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17. Highlight **four** negative effects of inflation to a country. (4 marks)

18. State **four** policies likely to be offered under marine cargo insurance. (4 marks)

19. Highlight **four** ways in which partners may be classified, giving one example in each case. (4 marks)

20. Hawking business has become popular in towns. List **four** reasons for this.(4 marks)

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21. State **four** disadvantages of personal selling. (4 marks)

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22. Highlight **four** micro-environmental factors that may affect the performance of a business negatively. (4 marks)

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23. State **three** uses of a journal proper. (3 marks)

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24. The information given below relate to Njohi Traders for the year ended 31st December 2013.

	Sh.
Stock 31st December 2013	380,000
Turnover	1,200,000
Purchases	700,000
Returns outwards	50,000
Stock 31st December 2012	200,000
Returns inwards	120,000

Prepare a Trading account for the period ended 31st December 2013. (4 marks)

25. List **four** consequences that may arise due to poor arrangement of goods in a warehouse. (4 marks)

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