**Name:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**Index No.:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Class**\_\_\_\_\_\_ **Adm. No.**\_\_\_\_\_\_\_\_\_\_\_\_\_ **Candidate’s Signature**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Date**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**565/1**

**BUSINESS STUDIES**

Paper 1

**MAY 2015**

**Time: 2 hours**

**TIGANIA SOUTH PRE-MOCKS 2015**

**Kenya Certificate of Secondary Education**

**565/1**

**Paper 1**

**BUSINESS STUDIES**

**2 hours**

**INSTRUCTIONS TO CANDIDATES**

1. Write your name, index number, class and admission number in the spaces provided above.
2. Sign and write the date of the examination in the spaces provided above.
3. Answer all questions in the spaces provided.
4. This paper consists of **9** printed pages
5. Check the question paper to ascertain that all the pages are printed as indicated and no questions are missing.
6. Highlight **four** reasons why public relations is a popular way of product promotion among banks.

(4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. Mention **four** non-tax internal sources of revenue to the government. (4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. Outline **four** measures that an employer can put in place to improve the performance of her human resource. (4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. State whether each of the following transactions will increase, decrease or have no effect on the Balance Sheet totals (4mks)

|  |  |
| --- | --- |
| Transaction | Effect on Balance sheet totals |
| 1. Sold a private car and deposited the money in business bank account |  |
| 1. Withdrew money from bank for office use |  |
| 1. Paid Mr. Kimeli, a creditor in cash |  |
| 1. Purchased a Motor car by cheque |  |

1. Highlight **four** conditions that must be met in order for an insurance contract to be valid. (4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. Enter the following transactions in the relevant book of original entry (4mks)

2014 June 1. Made cash purchases worth sh. 25,000

,, 5. Paid sh.38,000 by cheques in full settlement of a debt owed to Kibogong after deducting a 5% cash discount.

,, 12. Bought stationery and paid by cash sh.19,000.

,, 19. Settled a debt of sh.90,000 owed to Yatich stores by cheque after deducting a 3% cash discount.

,, 28. Paid the month’s salaries of sh 80,000, by cash, sh. 30,000 and the balance by cheques.

1. Outline **four** ways which the government can use to influence the supply of maize in Kenya. (4mks)

(a) ……………………………………………………………………………………………………………………....

(b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. Outline **four** negative effects of inflation to an economy. (4mks)

(a) ……………………………………………………………………………………………………………………....

(b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. Highlight **four** benefits enjoyed by a holder of a credit card (4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. The following balances relate to the business of Roba Traders during the period ended 31st March 2014.

Shs.

Cash at bank 680,000

Premises 500,000

Machinery 175,000

Creditors 190,000

Furniture 85,000

Motor van 200,000

Cash in hand 50,000

Extract the trial balance of Roba Traders as at 31st March 2014. (4mks)

1. Highlight **four** circumstances under which air transport can be preferred to transport goods from one place to another. (4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. Study the following document used in home trade.

|  |
| --- |
| SIRO TRANSPORTERS CO. LTD  SIRO BUILDING,  OLOO STREET, NANDI ROAD  P.O BOX 100, ELDORET |
| SUPPLIER’S NAME & ADDRESS BUYER’S NAME & ADDRESS |
| HANDLING INFORMATION    QUANTITY DESCRIPTION WEIGHT(KGS) COMMODITY /ITEM NUMBER TOTAL |
| TRANSPORT CHARGES PAID ………………………………………………………………………………………………………………  SIGNATURE OF TRANSPORT CO. SIGNATURE OF SELLER    …………………………………………………… ………………………………………….  DATE …………………………………………. DATE ……………………………….. |

1. Name the document shown above ……………………………………………………………(1mk)
2. Name two uses of the document (2mks)

a)……………………………………………………………………………………………………………………………………………………………………………………………………………

b)…………………………………………………………………………………………………………………………………………………………………………………………………………...

1. List **four** costs incurred by intermediaries in the chain of distribution (4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. Prepare ledger accounts from the following transactions relating to Tito Traders for the month of January 2015 (4mks)

January 5th sold goods for Shs 20,000 cash

10th bought furniture for Shs 50,000 on credit from Jamwal Traders

21st Paid Shs 10,000 cash to Jamwal traders

21st Returned furniture worth Shs 6,000 found damaged to Jamwal Traders

1. Highlight any **four** features of time deposit account (4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. Name **four** commercial services that facilitate trade. (4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. The following balances were extracted from the books of Njoro Traders for the period ended

31st December 2013

Ksh.

Gross profit 10,000

Salaries 2,000

Commission income 4,000

Rent received 3,000

Electricity 2,000

Carriage outwards 4,000

Prepare a profit and loss account (4mks)

1. Highlight **four** factors that determine the National income of a country. (4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. Highlight **four** causes of demand pull inflation (4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. Outline **four** ways in which the problem of scarce resources can be addressed by a consumer.

(4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. Highlight **four** ways in which local resources can be managed to alleviate unemployment problems in Kenya. (4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. Outline **four** factors that comprise a negative internal environment in a business. (4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....

1. The following information relates to Waruhio Traders as at 31st December 2011.

Waruhio Traders

Balance Sheet

As at 31st December 2011

Fixed Assets: Shs. Sh.

Furniture 203,000 Capital 359,000

Plus Net profit 114,000

Current Assets: 473,000

Stock 174,000 Less Drawings 73,000

Debtors 113,000 400,000

Cash at Bank 53,000 Short term liabilities:

1 year Loan 79,000

Creditors 64,000

543,000 543,000

1. Calculate the total current assets. (1mk)
2. Determine the capital owned. (2mks)
3. Calculate the working capital (1mk)
4. Given below are functions of office equipment. Identify the name of the equipment against the rightful use. (4mks)

|  |  |
| --- | --- |
| **Functions of the Machine** | **Office Equipment** |
| 1. Used in posting information to ledgers and preparing payrolls |  |
| 1. To transmit printed messages such as photographs, letters, and maps |  |
| 1. Usually fire proof where important documents in an organization are stored |  |
| 1. Used to carry out many functions such as storing information, typing and performing complex calculations |  |

1. Outline **four** factors that may give rise to monopoly power in an economy. (4mks)

(a) …………………………………………………………………………………………………………………….... (b) ……………………………………………………………………………………………………………………....

(c) ……………………………………………………………………………………………………………………....

(d) ……………………………………………………………………………………………………………………....