

NAME:

INDEX NO:.....

CANDIDATE'S SIGNATURE:.....

DATE:.....

565/1

BUSINESS STUDIES

PAPER 1

JULY / AUGUST 2014

TIME: 2 HOURS

NANDI CENTRAL DISTRICT JOINT MOCK 2014

Kenya Certificate of Secondary Education

BUSINESS STUDIES

PAPER 1

TIME: 2½ HOURS

INSTRUCTIONS TO CANDIDATES:

1. Write your Name and Index Number in the spaces provided above.
2. Sign and write the date of this examination in the spaces provided above.
3. Answer all the questions.
4. All answers must be written in the spaces provided in this booklet.
5. Do not remove any pages from this booklet.

1. State **four** advantages of an open office plan. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
2. State **four** distinctive features of a parastatal. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
3. Apart from government borrowing, outline **four** other sources of government revenue. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
4. Give **four** reasons that make insurance companies decline to insure acts of nature. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
5. State **four** measures that Kenya government may take to attract firms to an area. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
6. Outline **four** factors to be considered when choosing a channel of distribution. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)
7. Give **four** merits of a current bank account. (4mks)
- (i)
 - (ii)
 - (iii)
 - (iv)

8. Using the accounting equation, fill in the missing figures in the following table. (4mks)

	LIABILITIES (SHS)	ASSETS (SHS)	CAPITAL (SHS)
(a)	45,820		28,700
(b)	43,737	211,000	
(c)	348,170		170,340
(d)		148,390	108,930

9. Identify any **four** barriers to international trade that are imposed by governments.

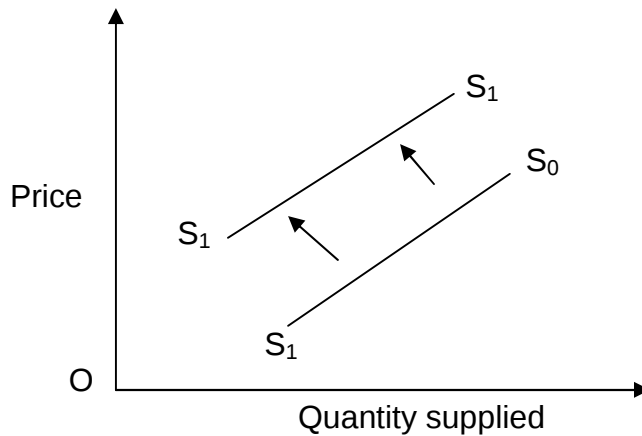
(4mks)

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

10. Highlight **four** advantages of government involvement in business activities. (4mks)

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

11. The diagram below shows a shift in supply curve from S_0S_0 to S_1S_1 .



State **four** factors that may account for the above shift.

(4mks)

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

12. Give **four** basic characteristics of a business idea.

(4mks)

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

13. Outline **four** disadvantages of personal selling.

(4mks)

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

14. From the following list of items, classify them to their internal or external business environment by ticking (✓)

(4mks)

	Item	Internal	External
(i)	Invested funds		
(ii)	Technology applied		
(iii)	Employees		
(iv)	Cultural factors		
(v)	Tools		
(vi)	Entrepreneur		
(vii)	Government laws and regulation		
(viii)	Inflation		

15. The following incorrectly prepared trial balance belongs to Sifa Traders as at 30th October 2004.

Prepare a correct one.

(4mks)]

	Dr (sh)	Cr (sh)
Capital	149,400	
Debtors		45,300
Insurance	2,000	
Fixtures	48,000	
Stock (30/10/04)	6,000	
Premises		160,000
Creditors	21,900	
ICDC Loan		<u>90,000</u>
	<u>227,300</u>	<u>295,300</u>

16. The table below shows the age distribution of a country.

Age	Percentage %
0 – 15	45
16 – 55	31
56 and above	24

State **four** negative economic implications of this age distribution to a country. (4mks)

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

17. The following features relate to warehousing. Indicate the most suitable type of warehouse described. (4mks)

- (i) Used to store locally produced goods until excise duty is paid.
.....
- (ii) Mostly situated in entry points and are available at a fee.
.....
- (iii) Warehouse used to store non-dutiable goods originating from within or outside the country.....
- (iv) Warehouse designed to suit one's particular needs.
.....

18. Highlight **four** advantages a seller have by changing from counter service to self-service for customers. (4mks)

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

19. Outline **four** current trends in the transport sector in Kenya. (4mks)

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

20. The Smart Business Ltd had the following information for the year ended 31st

December 2012.	<u>Shs.</u>
Bicycle	3,000
Debtors	2,000
Premises	50,000
5 year Bank loan	20,000
Creditors	5,000
Furniture	7,000

Stock 10,000
Cash at hand 4,000
Prepare a balance sheet as at 31st December 2012.

(4mks)

21. Highlight **four** measures consumers may take to satisfy their unlimited wants using limited resources. (4mks)

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

22. State **four** factors that could hasten economic development in a country. (4mks)

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

23. Give **four** reasons why a high rate of inflation is undesirable to a country. (4mks)

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

24. State **four** benefits of indirect production to a country. (4mks)

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

25. Name any **three** statistics associated with measurement of national income. (4mks)

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