CENTRAL KENYA NATIONAL SCHOOLS JOINT MOCK - 2016
BUSINESS STUDIES
565/1
PAPER 1

1. State **four** reasons why consumers have to make a choice between competing need. (4mks)
2. Highlight **four** advantages of having inland container depots (ICDS) in Nairobi, Kisumu, Eldoret and Malaba. (4mks)
3. State **four** various sources of public finance. (4mks)
4. Highlight **four** gaps in society that may give rise to a business opportunity. (4mks)
5. Highlight **four** reasons why mail order business is not very popular in Kenya. (4mks)
6. Outline **four** favourable factors for a business to thrive. (4mks)
7. A supplier writes a credit note to a trader state **three** reasons that could have led to this. (3mks)
8. Write the account to debit and credit in the following transactions written below. (4mks)

	Transaction	A/c to debt	A/c to credit
(a)	Returned damaged goods to supplier		
(b)	Received rent by cheque.		
(c)	Took cash for personal use.		
(d)	Customer returned ordered goods.		

9. Highlight **four** advantages of delocalization of industries. (4mks)
10. The following information relate to Sika Investment Ltd for the year ended 30th June 1997.

	Sh.
Opening stock	185,000
Sales	240,000
Expenses	180,000
Purchases	410,000
Net profit	140,000
Closing stock	205,000
Machinery	500,000
Debtors	150,000
Cash at hand	25,000
Accrued rent	140,000
AFC loan (10yrs)	150,000
Capital	415,000
Bank overdraft	60,000
Bank	110,000
Creditors	85,000

Required:
Prepare Sika Investment Ltd balance sheet as at 30th June 1997. (5mks)
11. Indicate the type of insurance losses described by the following circumstances.
   (a) Matter insured is not completely destroyed but cost of salvage is more than the wreckage. (1mk)
   (b) Loss occurring by deliberate action of the ship master to save the screw. (1mk)
   (c) Loss occurring on a ship accidentally. (1mk)
   (d) Loss occurring and the matter insured is completely lost. (1mk)
12. Indicate the type of journal in which each of the following transactions would be recorded. (4mks)

	Transaction	Type of journal
(i)	Goods previously sold on credit were returned	
(ii)	Goods bought on credit.	
(iii)	Goods sold for cash.	
(iv)	Motor vehicle sold on credit.	

13. State the law relating to each of the following:
   (i) Demand:
   (ii) Supply.
14. State **four** factors to be considered when deciding on office layout. (4mks)
15. Highlight **four** ways in which the Central Bank acts as a Banker to the government. (4mks)
16. Identify the legislation meant to protect consumers that each of the following description refers to. (4mks)

	Description	Legislation
(a)	Ensures that traders or producers do not cheat consumers by giving false descriptions of goods.	………………………………
(b)	Prohibits traders and manufacturers from including substance that might harm consumers in a product.	………………………………
(c)	Ensures that all weighing equipments are correct and accurate.	………………………………

(d) Ensures that the landlord's do not overcharge
    their tenants.   …………………………………
17. Outline **four** problems that a country may face when measuring her national income using the income approach.
                                                                                              (4mks)
18. List down **four** securities that are traded at Nairobi stock exchange market.   (4mks)
19. The following information relates to Kuwa's business for the year ended 31st May 2010.
        Net profit   Sh.20,000
        Working capital   Sh.30,000
        Return on capital   20%
        Employed
        Determine the value of:
        (i)   Capital employed.   (2mks)
        (ii) Fixed assets.   (2mks)
20. Outline **four** factors that may account for predominant direct production in developing countries.   (4mks)
21. Outline **four** reasons why a business person may prefer written communication to verbal communication. (4mks)
22. The following information relates to Murang'a traders for the year ended 30th September 2006.

                                          Sh.
        Stock 30th Sep 2006   124,000
        Stock 1st Oct 2005   200,000
        Purchase for the year   380,000
        Sales   440,000
        Return inwards   20,000
        Carriage inwards   4,000
        Carriage outwards   1,500

    Prepare the business trading account for the year ended 30th Sep 2006.   (4mks)
23. Identify **four** indicators of economic development in a country.   (4mks)
24. Highlight the role of consumer organizations in consumer protection.   (4mks)
25. State **four** methods usually used in trade restrictions.   (4mks)