**NAME: ………………………………………………… ADMISSION NO. ………………**

**CLASS: ……………………… SIGN: ……………………………**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**TIME: 2 HOURS.**

**FORM 4 SUKELLEMO JOINT PRE – MOCK EXAMS 2023**

## *Kenya Certificate of Secondary Education (K.C.S.E)*

## INSTRUCTIONS TO CANDIDATES

## Write your name and admission number in the spaces provided.

## Answer ALL the questions in this question paper.

## All your answers must be written in the spaces provided in this question paper.

## Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing.

### For Examiners Use Only

|  |  |  |
| --- | --- | --- |
| **QUESTIONS** | **Maximum Score** | **Candidates Score** |
| **1-25** | **100** |  |

1. Highlight **four** circumstances under which John a kiosk owner in Thika town will insist on cash with order term of payment. (4marks)

(a) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

2. Outline **four** macro environment that may affect the performance of business negatively.(4marks)

(a)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

3. State **four** ways in which the government of Kenya may create an enabling environment for business to be sustained. (4 marks)

(a) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

4. Highlight **four** ways in which small scale farmers benefit from activities of produce cooperative societies (4marks)

(a) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

5. Highlight **four** source of monopoly power. (4marks)

(a) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

6. In the spaces provided, state the source document for each of the subsidiary books given below.(4marks)

|  |  |  |
| --- | --- | --- |
| Subsidiary book | | Source document |
| (i) | Sales Journal |  |
| (ii) | Purchases Journal |  |
| (iii) | Returns inwards journal |  |
| (iv) | Cash payment journal |  |

7. Highlight **four** factors that influences transactionary motive of holding money (4marks)

(a) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d) --------------------------------------------------------------------------------------------------------------------------

8. Outline **four** reasons why a business may be located near the source of its raw materials (4marks)

(a) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

9. State **four** factors that may necessitate reinsurer’s (4marks)

(a) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c)-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d) ------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

10. State **four** ethical practices in product promotion that a trader should observe.(4marks)

(a)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

11. Outline **four** factors which may account for the continued existence of small scale firms despite the benefits enjoyed by large firms. (4 marks)

(a) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c) ---------------------------------------------------------------------------------------------------------------------------

(d) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

12. State **four** reasons why a person would prefer a letter to telephone to communicate.(4marks)

(a)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c)-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

13. The following information was extracted from the books of Maendeleo traders for the year ending 31st December 2021.

ksh

Opening stock 30,000

Closing stock 50,000

Sales 400,000

Rate of stock Turn over 5 times

Prepare a trading account for the year ended 31st December 2021. (4 marks)

14. The following balances were extracted from BoraBora traders on 31st Dec. 2020.

Shs.

Capital 17,000

Cash 10,000

Return Inwards 5,000

Rent 15,000

Sales 40,000

Purchases 30,000

Commission received 8,000

Drawings 5,000

Required prepare the trial balance (5marks)

15. List **four** assumptions to the circulation of income in a two sector economy (4marks)

(a)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c)-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

16. Outline **three** ways of safeguarding organization’s property. (3 marks)

(a)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c)-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

17. Highlight **four** features of a bonded warehouse (4 marks)

(a)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b) ---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

18. The equation given below relate to quantity demanded and quantity supplied at the equilibrium point.

De = 4p + 50 Se = 8 + 30

Determine the equilibrium price and quantity (4marks)

19. Highlight **four** factors that may be considered when measuring the size of the firm.(4marks)

(a)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c)-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

20. Outline **four** features of liners in sea transport. (4marks)

(a) ----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c)-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

21. List **four** types of small-scale retail businesses that one can run without a shop. (4marks)

(a)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c)-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

22. Indicate the level of production associated with each of the occupations. (4marks)

Occupation Level of production

(a) Mining ----------------------------------------------------------

(b) Oil refining ----------------------------------------------------------

(c) Insurance ----------------------------------------------------------

(d) Teaching ----------------------------------------------------------

23. Outline **four** factors that Demka Daivics would consider when selecting a channel to distribute their fresh milk. (4marks)

(a)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c)-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

24. Highlight **four** positive implications of a youthful population to an economy (4marks)

(a)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(b)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(c)-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(d)----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

25. State the effect of each of the following transactions on the balance sheet totals by writing increase, decrease or no effect in each case. (4marks)

**Transaction**  **Effect**

(a) Bought machines on credit ------------------------------------------------

(b) Purchased stock in cash ------------------------------------------------

(c) Paid outstanding loan by cheque ------------------------------------------------

(d) Withdrew cash from the business for personal use ------------------------------------------------