

NAME INDEX NO

SCHOOL DATE

CANDIDATE'S SIGNATURE

565/1

BUSINESS STUDIES.

PAPER 1

FORM 4

JULY 2017

TIME: 2 HOURS

Kenya Certificate of Secondary Education

MURANG'A COUNTY MOCK

END OF TERM II EXAMINATION

QUESTIONS

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1. State four ways in which knowledge of business studies would benefit a secondary school leaver. (4mks)

- (a)
- (b)
- (c)
- (d)

2. Give four reasons why one would prefer a partnership instead of a sole proprietorship? (4mks)

- (a)
- (b)
- (c)
- (d)

3. Identify (by \checkmark) whether the following factors form the external or internal environment. (4mks)

| Factors | External | Internal |
|----------------------------------|----------|----------|
| a) Recruitment of workers | | |
| b) Political stability | | |
| c) Development of infrastructure | | |
| d) Purchase of modern equipment | | |

4. State four characteristics of economic resources. (4mks)

- (a)
- (b)
- (c)
- (d)

5. Highlight four roles of warehousing in promotion of trade. (4mks)

- (a)
- (b)
- (c)
- (d)

6. Highlight four circumstances under which an insurance contract can be terminated. (4mks)

- (a)
- (b)
- (c)
- (d)

7. Outline four reasons why government of Kenya preferred to privatize state owned business enterprises. (4mks)

- (a)
- (b)
- (c)
- (d)

8. State the books of original entry in which each of the following transactions would be recorded.

| Transactions | Book of original entry |
|---|------------------------|
| a) Sold machine on credit | |
| b) Received sh 40,000 cash from Mutua a debtor. | |
| c) Sold goods worth sh 20,000 on credit to jirani stores. | |
| d) Returned goods previously bought to | |

| | |
|----------------|--|
| rajab traders. | |
|----------------|--|

9. State four advantages of using m-pesa account to an individual. (4mks)

- (a)
- (b)
- (c)
- (d)

10. Outline four steps involved in personal selling. (4mks)

- (a)
- (b)
- (c)
- (d)

11. Highlight four challenges that may be encountered by using a long channel to distribute farm produce. (4mks)

- (a)
- (b)
- (c)
- (d)

12. State four business documents to which each of the following relates.

| Statement | Document |
|---|----------|
| (a) Informs the buyers when goods were dispatched. | |
| (b) A request by seller for payment in advance | |
| (c) Used to correct undercharge in an invoice | |
| (d) Show details of transaction between sellers and buyers. | |

13. State four circumstances which a firm may choose to operate on small scale basis. (4mks)

(a)

(b)

(c)

(d)

14. The following information was extracted from the books of Juma stores on 31st march 2010

| | Sh |
|-----------------------------------|-------|
| Stock 1 st april 2010 | 8000 |
| Stock 31 st march 2011 | 9000 |
| Purchases | 4500 |
| Sales | 21000 |

Calculate

i. Margin (2mks)

ii. Rate of stock turnover. (2mks)

15. Outline four causes of demand pull inflation. (4mks)

(a)

(b)

(c)

(d)

16. The following balances were extracted from books of Rapu merchants for the year ended 31st Dec 2006.

| | Sh |
|---------|---------|
| Land | 110,000 |
| Debtors | 64,000 |
| Capital | 166,100 |
| Sales | 95,000 |

| | |
|------------------|--------|
| Purchases | 58,000 |
| Stock | 35,000 |
| Creditors | 47,700 |
| General expenses | 41,800 |

Prepare a trial balance as at 31st Dec 2016

(4mks)

17. Highlight four negative implication of rapidly growing population in a country
(4mks)

(a)

(b)

(c)

(d)

18. Mention four circumstances under which a producer will find it necessary to transport goods by train.
(4mks)

(a)

(b)

(c)

(d)

19. State four features of oligopoly market.
(4mks)

(a)

(b)

(c)

(d)

20. In the spaces provided write decrease, increase or no effect to show the effects of each one of the following transactions on assets, liabilities or capital.

| Transaction | Asset | liabilities | capital |
|--|-------|-------------|---------|
| (a) Bought furniture on credit | | | |
| (b) Paid creditors by cash | | | |
| (c) Withdrew goods for personal use | | | |
| (d) Converted personal van for business use. | | | |

21. Give four reasons why a manufacturer may offer after sale services to his customers. (4mks)

- (a)
- (b)
- (c)
- (d)

22. Outline four features of capital as a factor of production. (4mks)

- (a)
- (b)
- (c)
- (d)

23. State four characteristics of direct production. (4mks)

- (a)
- (b)
- (c)
- (d)

24. Identify the office equipment that is used in each of the purposes. (4mks)

- (a) Printing postage impressions on envelope
- (b) Preparing cash receipts.....
- (c) Cutting unwanted documents into tiny pieces.....
- (d) Pinning papers together.....

25. Give four circumstances under which a person could use signals to communicate with another.

(4mks)

- (a)
- (b)
- (c)
- (d)