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**KENYA NATIONAL EXAMINATION COUNCIL**  
**REVISION MOCK EXAMS 2016**  
**TOP NATIONAL SCHOOLS**

**MANG’U HIGH SCHOOL**  
**BUSINESS STUDIES**  
**THEORY**  
**Paper 1**

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**MANG’U HIGH SCHOOL KCSE TRIAL  
AND PRACTICE EXAM 2016**

565/1

**BUSINESS STUDIES**

**THEORY**

**Paper 1**

**2 Hours**

**Answer all the questions in the spaces provided.**

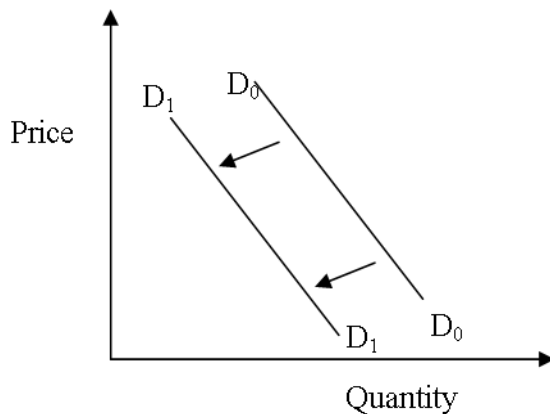
1. Highlight four factors that determine the size of a firm. (4mks)
2. Outline four reasons for collapse of small scale business units (4mks)
3. Highlight four disadvantages of news papers as a means of advertising (4mks)
4. Outline any four difficulties faced when satisfying human wants. (4mks)
5. Give four reasons for popularity of consumer parcel service (4mks)
6. State four benefits that people from your area may derive from business enterprise (4mks)
7. Juma Munyacia sells all his goods at 25% above cost. His books gave the following information  
as at 31<sup>st</sup> December 2004.  

Stock 1 <sup>st</sup> January 2004	98,720
Stock 31 <sup>st</sup> December 2004	126,000
Sales for the year	600,000

Calculate the profit made by Munyacia (4mks)
8. Highlight four reasons why a country would rely more on primary level of production. (4mks)
9. Highlight four ways in which commercial banks differ from non-bank Financial institutions. (4mks)

Commercial banks	Non- bank financial institution

10. Outline four essential of a bill of exchange (4mks)
11. Outline four ways in which the government protects consumers (4mks)
12. Enumerate four features of a general insurance policy (12mks)
13. Highlight four factors that a trader would consider in locating a warehouse. (4mks)
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15. The figure below shows a shift in demand curve from  $D_0D_0$  to  $D_1D_1$ . State four factors that have caused the shift. (4mks)



16. State four reasons why the government imposes taxes (4mks)
17. The following assets and liabilities belong to Munyasia stores as at 31<sup>st</sup> March 2005.  
Buildings sh 200,000, Debtors sh 8,000, creditors sh 32,000, stock sh 24,000, call at bank sh 120,000, cash in hand sh 40,000 loan from HFCK sh 100,000 and capital sh 260,000.  
During the month of April 2005 the following transactions took place  
April 1 – sold goods worth sh 2100 cash  
2 – Paid creditors sh 8000 cash  
10 – Received sh 2000 from debtors cash.  
15 – Bought a motor van sh 350,000 paying by cheque.  
Prepare a balance sheet as at 15<sup>th</sup> April 2005 (5mks)

18. Outline four advantages of partitioned office layout (4mks)
19. The following information relates to Alex traders. Determine the missing figures (3mks)

	Assets	capital	Liability
(a)	50,000		2000
(b)	320,000	126,550	
(c)		15,431	600

20. Highlight four difficulties encountered in international trade (4mks)
21. Complete the table below

Transaction	Account to be debited	A/C to be credited
(a) Deposited money into the bank account.		
(b) Paid salaries by cheque		

22. State four problems encountered when measuring national income by expenditure approach. (4mks)

23. For each of the following transactions indicate in the appropriate columns the source documents and the books of original entry in which the transactions should be recorded.

Transaction	Source document	Book of original entry
(a) Goods retained by a customer		
(b) Purchase of goods on credit		

24. State the level of production in each of the following activities. (4mks)

Activity	Level of production
(a) Cooking meals for students	
(b) Harvesting maize	

- (c) Distribution of kerosene
- (d) Boiling milk using electricity.

25. Globalisation is a term often used to denote business ownership and spread. Outline four merits of globalization of business units.

