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**FORM FOUR TRIAL 2, 2019**

**Kenya Certificate of Secondary Education**

**565/1 BUSINESS STUIES**

**PAPER ONE**

**TIME: 2HRS**

**INSTRUCTIONS**

1. Answer all the questions in the spaces provided

**SECTION A**

1. State **four** external factors that may positively influence the operations of a business

 (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. Outline **four** circumstances under which producers may prefer to sell goods directly to the consumers. (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. Name four ways through which consumers can be cheated in their dealings with traders

 (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. The following information relates to Tamu Traders for the year ended 31st Dec. 2011

**Sh**

Fixed Assets 5,000,000

Current Assets 650,000

Net profit 300,000

Current liabilities 650,000

Sales 2,000,000

Closing stock 100,000

Opening stock 200,000

Gross profit margin 20%

Calculate; (4mks)

1. Current ratio
2. Gross profit mark up
3. Rate of stock turn over
4. Capital employed.
5. Outline **four** circumstances under which a credit note may be issued. (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. The equation given below relate to quantity demanded and the quantity supplied at equilibrium price.

Qde = 4P + 50

Qse = 8P + 30

Determine the equilibrium price and quantity (4mks)

1. Kendi started a shop dealing in ladies clothing but failed after two years. Outline four factors that many have caused this failure (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)…………………………………………………………………………………………………………………………………

1. Name the type of warehouse described below

|  |  |
| --- | --- |
| **Statement**  | **Type of warehouse**  |
| 1. Goods can be stored before payment of custom duties
 |  |
| 1. Individuals can hire storage facilities
 |  |
| 1. Goods are stored from several manufacturers
 |  |
| 1. Specialised goods are stored
 |  |

1. State **four** ways in which the nature of goods would influence the choice of transport

 (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. Outline any **four** circumstances under which human wants may be fully satisfied (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. Highlight **four** ways in which business studies is useful to a community (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. State the books of original entry in which the following documents are used. (4mks)
2. Incoming invoice ………………………………………………………………………………………………………..
3. Incoming receipt ……………………………………………………………………………………………………….
4. Outgoing credit note …………………………………………………………………………………………………
5. Outgoing invoice ……………………………………………………………………………………………………..
6. State the type of ledger into which the following accounts would be found. (4mks)

**Account Relevant ledger**

1. Capital ………………………………………………………..
2. Mueni (debtor) ………………………………………………………..
3. Kariuki (supplier) ……………………………………………………….
4. Bank ………………………………………………………
5. Outline any **four** advantages of operating in an open office layout. (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. George operates a petrol station in Nakuru. He insured his stock worth Ksh 2.4 million for ksh 2 million. Later in the year stock worth ksh 600,000 was destroyed by fire. Calculate the amount he was compensated and give a reason. (4mks)
2. State **four** characteristics of money (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. Name the rewards for the following factors of production (4mks)

|  |  |
| --- | --- |
| **Factor of production**  | **Reward**  |
| a) Employee  |  |
| b) Machine  |  |
| c) Minerals  |  |
| d) Farmer  |  |

1. Outline **four** challenges that may be experienced by a country whose population is made up of a large proportion of young people (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. Highlight any **four** characteristics of perfect competition type of market structure (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. State the line of communication involved in each of the following. (4mks)
2. The manager of ABC company Ltd talking to the manager of XYZ company Ltd

…………………………………………………………………………………………………………………………………

1. A secretary asking for time off from her boss …………………………………………………………..
2. The production manager giving instructions to the secretary of the sales manager

……………………………………………………………………………………………………………………………………

1. The store keeper giving explanations to the chief accountant

…………………………………………………………………………………………………………………………………

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

|  |  |
| --- | --- |
| **Transaction**  | **Effect**  |
| a) Bought machinery on credit  |  |
| b) Withdrew cash from the bus for personal use  |  |
| c) Purchased stock in cash  |  |
| d) Paid outstanding loan by cheque  |  |

1. Outline the assumptions that the circular flow of income in a closed economy work under

 (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. The following balances were extracted from the books of Wanji traders for the year ended 30th June 2005. (4mks)

Sh

 Debtor 120,000

 Creditor 60,000

 Machinery 450,000

 Cash in hand 70,000

 Cash at bank 180,000

5 years bank loan 270,000

Stock 60,000

Prepare a balance sheet of Wanji traders as at 30th June 2005.

1. Outline **four** reasons for maintaining a cash book in a business enterprise. (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………

1. Highlight **four** factors that should be considered when choosing a method of promoting a product. (4mks)

i) ……………………………………………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………..

iii)……………………………………………………………………………………………………………………………………

iv)……………………………………………………………………………………………………………………………………