**Name: …………………………………………………………… Index no ……..…...................................**

**Candidate’s sign ……………………......................**

**Date: ……………………………………………… Class ……………………………………………..**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**JULY/AUGUST 2018**

**TIME: 2 HOURS**

**MOKASA 2 JOINT EXAMINATIONS**

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

**FORM FOUR TRIAL EXAMINATIONS - 2018**

**Business Studies**

**Paper 1**

**INSTRUCTIONS TO CANDIDATES:**

* *Write* ***your name*** *and* ***Index Number*** *in the spaces provided.*
* *Answer* ***all*** *the questions*
* *Candidates should check the question paper to ascertain that no questions are missing.*

***For Examiner’s Use Only:***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTION** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| **MARKS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTION** | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| **MARKS** |  |  |  |  |  |  |  |  |  |  |  |

**TOTAL MARKS**

1. Pauline, a form one student is always advised by her parents to prepare a scale of preference before doing her shopping. Give **four** importance of preparing a scale of preference.

(4 marks)

(a) .....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

2. Highlight **four** advantages that accrue to an organization that uses electronic filing. (4 marks)

(a) .....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

3. Highlight **four** advantages of using oral communication to a trader. (4 marks)

(a) .....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

4. Give **four** reasons why an insurer may co-insure. (4 marks)

(a) .....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

5. Country Y had the following Net National Product (**NNP**) between 2015 and 2017.

**Year.** **NNP (000,000)**

2015 400

2016 410

2017 418

Give **four** causes that may have led to the above trend. (4 marks)

(a) .....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

6. Highlight **four** circumstances that would make a manufacturer to sell her goods directly to a

consumer. (4 marks)

(a) .....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

7. Fill in the missing figures in the table below. (4 marks)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Opening capital** | **Closing capital** | **Drawings** | **Loss** | **Profit** |
| 1. 24,000 | 8,000 |  | 800 | 0.000 |
|  | 14,000 | 4,000 | 0.000 | 3,000 |
| 1. 46,000 | 28,000 | 1,000 |  | 5,000 |
| 1. 10,000 |  | 400 | 300 | 0.000 |

8. Outline **four** merits of barter trade to a community. (4 marks)

(a) .....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

9. Define the following terms;

a) Export Processing Zones (EPZ) (2 marks)

.....................................................................................................................................................

.....................................................................................................................................................

b) Liberalization (2 marks)

.....................................................................................................................................................

.....................................................................................................................................................

10. Highlight **four** reasons why businesses need to maintain ethical standards. (4 marks)

(a) .....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

11. Outline **four** functions of commercial attaches. (4 marks)

(a) .....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

12. State **four** activities that take place in a bonded warehouse. (4 marks)

(a) .....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

13. State **four** characteristics of a public corporation (4 marks)

(a) .....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

14. State **four** characteristics of a market (4 marks)

(a) .....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

15. State **four** negative effects of population change of a country from point A to B shown in the

diagram below. (4 marks)

A

Income per capita

B

Population

(a).....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

16. State **four** non tax sources of public finance. (4 marks)

(a).....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

17. The following information relates to the books of Kolol traders.

**2018**

June 2: Cash sales to Ukulima stores shs. 120,000

June 5: Received a cheque for shs. 250,000 fro Mbiretwo retailers after a cash discount of shs. 10,000

June 10: Cash sales shs. 200,000

June 14: Ukulima stores settled her account by cheque after deducting 5% cash discount.

June 18: Credit sales to Rimoi traders’ shs. 130,000

June 25: Deposited shs. 50,000 cash into the bank account.

June 30: Paid salaries and wages shs. 35,000 in cash.

Record the above information in kolol traders’ Cash receipts journal. (4 marks)

18. Cite **four** reasons for the increased online trading by most businesses today. (4 marks)

(a).....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

19. The following information was extracted from Ruha Traders Limited on 30th April 2016.

|  |  |
| --- | --- |
| Machinery | 200,000 |
| Sales | 180,000 |
| Discount received | 10,000 |
| Bank | 40,000 |
| Land | 170,000 |
| Capital | 210,000 |
| Commission received | 20,000 |
| Rent Income | 20,000 |
| Salary | 30,000 |

Prepare Ruha Traders Trial Balance as at 30th April 2016 (4 marks)

20. Using the given information below, identify the account to be debited and credited (4 marks)

|  |  |  |
| --- | --- | --- |
| **Transaction** | **Account to be Debited** | **Account to be Credited** |
| 1. Purchased a photocopier by cheque. |  |  |
| 1. Paid a creditor Ksh. 28,000 in cash. |  |  |
| 1. Withdrew Ksh. 47,000 for business use. |  |  |
| 1. Made credit sales to JJ Stores of Ksh. 60,000 |  |  |

21. Other than the price mechanism, highlight **four** other methods that are used to determine the

prices of goods and services in the economy. (4 marks)

(a).....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

22. Highlight **four** advantages of the standard gauge railway line (S.G.R.) to the Kenyan economy. (4 marks)

(a).....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

23. Mention **four** effects of production activities on the environment (4 marks)

(a).....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

24. Highlight **four** advantages that accrues to a firm that promotes its products using transport convoys. (4 marks)

(a).....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................

25. Highlight **four** negative effects of inflation in the economy today (4 marks)

(a).....................................................................................................................................................

(b).....................................................................................................................................................

(c).....................................................................................................................................................

(d).....................................................................................................................................................