ALLIANCE HIGH SCHOOL
BUSINESS STUDIES 565/1
PAPER ONE
PRE – TRIAL EXAM 2016
TIME 2 HRS

NAME ………………………………………………. ADM. NO. ……………….
TEACHER …………………………………………. DATE DONE …………….
SIGNATURE ……………………………………….DATE RETURNED ………………….

INSTRUCTIONS

1) Write your name and admission number.

2) Sign and write the date of exam

3) Write your answers on the spaces provided

4) Use English language

5) Cancelled work will not be marked

6) This paper consist of 12 printed pages.

Question	1	2	3	4	5	6	7	8	9	10	11	12	13
Marks													

Question	14	15	16	17	18	19	20	21	22	23	24	25
Marks												

TOTALS

1. Outline 4 disadvantages a country will get if they liberalize International Trade.
   (4 mks)

   a) _____

   _____

   b) _____

   _____

   c) _____

   _____

   d) _____

   _____

2. Highlight 4 positive effects of delocalization of firms.   (4 mks)

   a) _____

   _____

   b) _____

   _____

   c) _____

   _____

   d) _____

   _____

3. State whether the following are true or false in relation to insurance.   (4 mks)

   a) Subrogation allows the insured to take the damaged property   _____

   b) General average loss happens when the item is not completely

   damaged but cost of salvaging is higher   _____

   c) There is surrender value in general insurance.   _____

   d) In endowment policy maturity can be determined by the insured.   _____

4. Prepare a profit and loss account of Watu Wema on 30/6/2016.   (5 mks)

Gross loss	16,950
Commission paid	6,700
Discount Received	1,790
Rent received	10,480
Carriage outwards	2,400
Carriage inwards	1,800
Insurance	10,000
Bad debts	2,400

5. State 4 reasons why the primary level of production is the most dominant level in Kenya

   (4 mks)

   a) _____

   _____

   b) _____

   _____

   c) _____

   _____

   d) _____

   _____

6. Using illustrations show the following types of taxes.   (4 mks

   a)   Proportional Tax

   b)   Digressive Tax

   c)   Regressive Tax

d)   Progressive Tax

7.   Outline 4 characteristics of an oligopoly market.   (4 mks)

a) _____

_____

b) _____

_____

c) _____

_____

d) _____

_____

8.   Distinguish between the following types of businesses.   (4 mks)

Partnership	Co-operatives
a)	a)
b)	b)
c)	c)
d)	d)

9.   Highlight 4 factors that determine the holding of money for speculative motives(4 mks)

a) _____

_____

b) _____

_____

c) _____

_____

d) _____

_____

10. Outline 4 limitations associated with audio- visual form of communication. (4 mks)

a) _____

_____

b) _____

_____

c) _____

_____

d) _____

_____

11. Record the following transactions in a cash payment journal. (5 mks)
April 1 started trading with 10, 400 cash and 75, 600 cash at bank.
April 2nd paid Mariwa 7,800/- cash by cash having deducted 200/- discount.
April 3rd Paid insurance by cheque 7,000
April 4th settled the following accounts by cheque having deducted 5% discount
    Odhiambo 18,000, Tuva 46,000 Gitau 12,400
April 5th Refunded cash 1,800 to Alex who had over paid
April 6th Issued cheques of the following amount, Jane 3,600/= , 8820/=
    Shiro 5040/= having deducted 10% discount.
April 7th Withdrew cash from bank for business use 15,000

12. State 4 documents that a seller may use to respond to a letter of inquiry.   (4 mks)

a) _____

_____

b) _____

_____

c) _____

_____

d) _____

_____

13. State the type of advertisement describe below.   (4 mks)

Type

a) Use famous personalities to advertise their products   _____

b) Popularizes an organization

c) Create awareness about the new product in the market. _____

d) Used to force the buyers to buy the product.   _____

14 Outline 4 features of Free warehouses   (4 mks)

a) _____

_____

b) _____

_____

c) _____

_____

d) _____

_____

15. Given the prices of goods and their weight calculate C.P.I and show by how much the purchasing power of the consumers have fallen. (4 mks)

Commodity	2000 Price	2000 Weight	2001 Price	2001 Weight
Flour	120	5	140	5
Sugar	100	4	135	4
Biro	15	2	20	2
Rice	50	3	55	3
Tissue	20	1	25	1

16. Distinguish between the following (4 mks)

Economic growth	Economic development
a)	a)
b)	b)
c)	c)
d)	d)

17. Outline 4 reasons why journal are prepared in accounting. (4 mks)

a) _____

_____

b) _____

_____

c) _____

_____

d) _____

18. Indicate whether the following fall in the capital or current accounts of the Balance of payment. (3 mks)

Type of account

a) Sell of coffee to U.S.A. _____

b) Grants to a needy country. _____

c) Income from tourism _____

d) Payment of interest on loans given by donors _____

e) Imports of farm machinery _____

f) Investment abroad _____

19. Given the following items of Baraka wholesalers.

Stock on 31/12/1991	75,000
Stock on 1/1/1991	62,900
Sales	230,000
Purchases	158,400
Return Inwards	2,800
Return Outwards	3,100
Carriage	15,000

1/5 of carriage relate to sales.

Calculate

a) Gross profit (1 mk)

b) Rate of stock turnover. (1 mk)

c) Margin (1 mk)

d) Mark up (1 mk)

20. Highlight 4 characteristics of liner ships. (4 mks)

a) _____

_____

b) _____

_____

c) _____

_____

d) _____

21. Outline 4 ways in which the government can influence the demand for goods and services. (4 mks)

a) _____

_____

b) _____

_____

c) _____

_____

d) _____

_____

22. State 3 internal dis-economies of large scale operation. (3 mks)
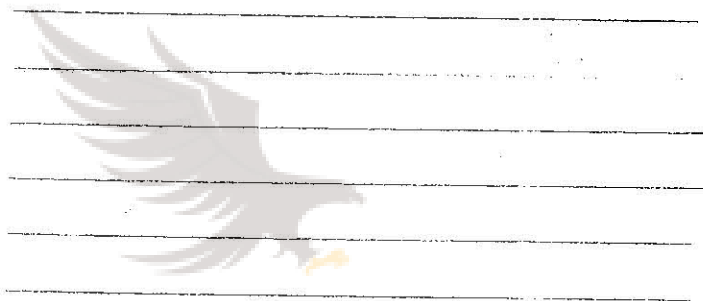
a) _____

_____

b) _____

_____

c) _____

_____

d) _____

_____

23. The initials below represent equilibrium national income.
Write the meaning of the following (3 mks)
$S+ T + M + 1 + X + G$

a) S _____

b) X _____

c) T _____

d) M _____

e) I _____

f) G _____

24. State the type of unemployment describe below. (4 mks)

Type of unemployment

a) Workers price themselves out of work. _____

b) caused by change in Technology _____

c) Occur due to malingering of employees and avoiding wok _____

d) Over qualified worker given jobs of low skills _____

25. The information provided below belongs to Lala Traders.

Land	140,000
Motor van	300,000
Loan	679,000
Stock on 31/12.2010	100,000
Stock on 1/1/2010	103,500
Bad debts	40,000
Cash	42,000
Overdraft	98,000
Debtor	190,000
Creditors	88,000
Carriage inwards	20,000
Carriage outwards	15,000

Prepare a Trial Balance. (5 mks)