



MASENO SCHOOL

Name: Index Number:

Candidate's Signature: Date:

THE MASENO SCHOOL MOCK EXAMINATIONS BUSINESS STUDIES

PAPER ONE

565/1

DECEMBER 2020

2 HOURS

Instructions to Candidates:

- a) Write your **NAME** and **INDEX NUMBER** in the spaces provided.
- b) Sign and write the **Date** of examination in the space provided.
- c) Answer **ALL** questions

565/1-Business Studies- P1
Friday 11/12/2020
Time: 11:00-1:30pm

For examiner's use only

Questions	1	2	3	4	5	6	7	8	9
Marks									

10	11	12	13	14	15	16	17	18	19	20

21	22	23	24	25

TOTAL MARKS

This paper consists of 12 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing.

1. State the type of business described in each of the following activities. (4marks)

- i) Obtaining items from their natural state.....
- ii) Combining wheat flour, sugar yeast and oil to come up with a loaf of bread.....
- iii) Conversion of sugarcane into sugar.....
- iv) Selling insurance policy to a bus company.....

2. Highlight four disadvantages of long chain of distribution of products in local market (4marks)

- i).....
.....
- ii).....
.....
- iii).....
.....
- iv).....
.....

3. Outline four problems faced by a country that doesn't undertake Development Planning (4marks)

- i).....
.....
- ii).....
.....
- iii).....
.....
- iv).....

.....

1. Mention four components of expenditure used in computation of national income through expenditure approach (4marks)

i).....

ii).....

iii).....

iv).....

5. The following are documents used in foreign trade, highlight one way in which each facilitates foreign trade. (4marks)

DOCUMENT	FUNCTION IN FOREIGN TRADE
CLOSED INDENT	
CONSULAR INVOICE	
LETTER OF CREDIT	
BILL OF LADING	

6. Highlight four benefits of Standard Gauge Railway (SGR) to the Kenyan economy. (4marks)

i).....

.....

ii).....

.....

iii).....

.....
iv).....

.....
7.a) Define the term Double Entry Concept (1mk)

.....
b) The following assets and liabilities were obtained from the books of Mwita traders on 25th Jan 2020.

Capital 120,000

Machinery 80,000

Creditors 10,000

Debtors 20,000

Stock 25,000

Bank 5,000

On 30th Jan, 2020, the following transactions took place;

Purchased goods worth kshs.15,000 on credit

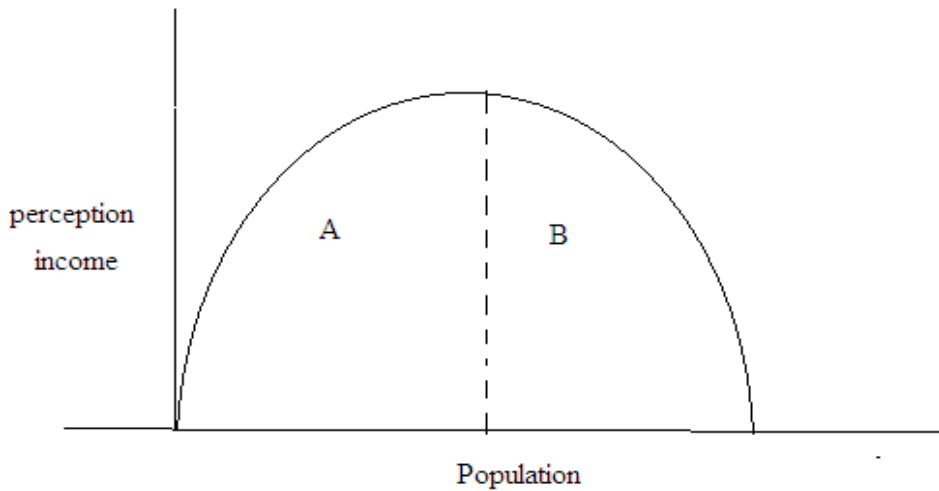
Machinery was sold kshs 75,000 on credit

Required: Prepare Mwita's Balance sheet as at 31/01/20202.(5marks)

8. Outline four factors to be considered in planning office layout (4marks)

- i).....
- ii).....
- iii).....
- iv).....

9. The diagram below shows relationship between population and per capita income



Highlight four reasons why a country would prefer it's population size to be at point P (4marks)

- i).....
-
- ii).....
-
- iii).....
-

iv).....
.....

10.Highlight four reasons for locating bonded warehouses at the entry points of a country

(4marks)

i).....
.....

ii).....
.....

iii).....
.....

iv).....
.....

11.Give the terms described in the following statements as used in public finance

(4marks)

DESCRIPTION	TERM
I) Tax system where the poor bear more burden than the rich	
II) Funds borrowed by the country to undertake activities which do not generate further revenue	
III) Government borrowing heavily from local financial institutions denying local investors funds to borrow locally	

IV) When tax is passed from seller to the buyer through sale of goods.	
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12. Outline four ways through which products are differentiated in monopolistic competition market. (4marks)

- i).....
- ii).....
- iii).....
- iv).....

13. Highlight four advantages to a business organization which operates a chain store. (4marks)

- i).....
-
- ii).....
-
- iii).....
-
- iv).....
-

14. Outline four Business considerations before investing in an opportunity (4marks)

- i).....
-

- ii).....
-
- iii).....
-
- iv).....
-

15. Highlight four importance of Kenya bureau of standards (KEBS) to the Kenyan Economy (4marks)

- i).....
- ii).....
- iii).....
- iv).....

16. The table below shows quantities demanded and quantity supplied of tomatoes in Kenya in the month of January 2020 at the prices shown.

Price in kshs	Quantity demanded in tonnes	Quantity supplied in tonnes
20	800	200
40	600	300
60	550	380
70	400	400
80	300	500
90	250	600
110	100	700

Required

I) From the schedule above, prepare price mechanism (4marks)

II) State the law of Demand

(1mk)

.....
.....

17. The following information was extracted from the books of Devante traders on
31/12/2019

Mark up 20%
Opening stock 90,000
Closing stock 150,000
R.O.S.T 3 times

Required:

I) Gross profit

(2marks)

II) Purchases

(2marks)

18. Outline four criteria used in classifying partners in partnership form of Business unit

- i).....
- ii).....
- iii).....
- iv).....

19. Give four current trends in money and banking in Kenya (4marks)

- i).....
.....
- ii).....
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- iii).....
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- iv).....
.....

20. Mention three reasons why businesses involve celebrities in advertising their products. (3marks)

- i).....
.....
- ii).....
.....
- iii).....
.....

21. Highlight four disadvantages of division of labour in a production process (4marks)

- i).....
.....
 - ii).....
.....
 - iii).....
.....
 - iv).....
.....
-22.

Outline four diseconomies of scale that a large firm may suffer from(4marks)

- i).....
- ii).....
- iii).....
- iv).....

23. Highlight the importance of the following insurance terms; (3marks)

- i) Surrender Value.....
.....

- ii) Annuity.....
.....
- iii) Consequential
Loss.....
.....

24. Outline four ways through which central bank of Kenya may control deflation in the Kenyan economy. (4marks)

- i).....
.....
- ii).....
.....
- iii).....
.....
- iv).....
.....

25. The following relates to Kipkorir Merchants Ltd in January 2020.

- 4th Jan 2020 Purchased computers on credit from BML Ltd for Ksh.200, 000
- 17th Jan 2020 Sold an old tractor on credit to farm Ltd for Ksh.550, 000, the tractor costed ksh. 750,000 two years earlier

Required:

Enter the above transactions into General journal (4marks)

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