NAME………………………………………………………INDEX NO………………………………..…….

SCHOOL……………………………………………...…….CANDIDATE’SSIGNATURE………………..…

 DATE……………………………………..

565 / 1

BUSINESS STUDIES

PAPER 1

JULY/AUG 2024

TIME: 2 HOURS

**NAKURU NORTH SUB -COUNTY JOINT MOCK 2024**

 ***Kenya Certificate of Secondary Education (K. C.S.E.)***565 / 1

BUSINESS STUDIES

PAPER 1

JULY/AUG 2024

TIME: 2 HOURS

**INTRODUCTION TO CANDIDATES**

1. Write your name and index no in the spaces provided above.
2. Answer all the questions in the spaces provided below each question.
3. Write your answers in English

**For examiner’s use only**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Question  | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| Marks  |  |  |  |  |  |  |  |  |  |  |  |  |

***This paper consists of 8 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing***

1. Give four disadvantages of a long chain of distribution of goods to a buyer (4 marks)

1. …………………………………………………………………………..
2. …………………………………………………………………………..
3. …………………………………………………………………………..
4. …………………………………………………………………………..

2. The following balances were extracted from Mwangaza traders books of accounts.

 Shs.

 Opening stock 25,000

 Closing stock 35,000

 Purchases 190,000 Mark - up 20%

 Calculate:

 i)Cost of sales (1mark)

 ii)Gross profit (1 mark)

 iii)Sales (1 mark)

 iv)Rate of stock turnover (ROSTO) (1 mark)

3. For each of the following statements, give the type of unemployment described (4 marks)

|  |  |
| --- | --- |
|  **Statements / Description**  |  **Type of unemployment**  |
| 1. Arise due to mismatch of skills and labour, market demands.
 |  |
| 1. A person has absolutely nothing to do
 |  |
| 1. Arises when there is a change in methods of production
 |  |
| d)Arises when the number of people exceeds those that are required |  |

4. List **four** documents prepared by the buyer in home trade. (4 marks)

a)…………………………………………………………………………..

b)…………………………………………………………………………..

 c)…………………………………………………………………………..

d) …………………………………………………………………………..

5. Highlight **four** merits of direct tax as a source of revenue to the government (4 marks)

1. ………………………………………………………………………......
2. …………………………………………………………………………..
3. …………………………………………………………………………..
4. …………………………………………………………………………..

6. Outline **four** ways the economic environment influence business activities (4 marks)

1. ………………………………………………………………………………………….
2. ………………………………………………………………………………………….
3. ………………………………………………………………………………………….
4. …………………………………………………………………………………………..

7. Highlight four roles of advertising agencies in product promotion (4 marks)

1. …………………………………………………………………………….
2. ……………………………………………………………………………..
3. ……………………………………………………………………………..
4. ……………………………………………………………………………..

8. Highlight **four** ways in which the government of Kenya promotes entrepreneurial development (4mks)

1. …………………………………………………………………………………
2. ………………………………………………………………………………….
3. …………………………………………………………………………………..
4. …………………………………………………………………………………..

9. State the name of the source document used to record the following transactions (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Transaction**  | **Source Document**  |
| a) | Received goods returned by a buyer who bought them earlier on credit  |  |
| b) | Making of payment to a casual workers at the end of the week  |  |
| c) | Bought goods for sale from Gilanis Supermarkets on credit  |  |
| d) | A customer, Adhiambo, send a cheque for goods she bought earlier on credit  |  |

10. Kivuli Youth Group wants to start a warehouse service business in their ward. State any **four**

essential factors they should consider for their warehouse to function effectively.(4mks)

1. ………………………………………………………………………………….
2. ……………………………………………………………………………………
3. …………………………………………………………………………………..
4. ………………………………………………………………………………….

11. National income from expenditure approach is calculated as follows:

 NI = C + I + G + (X-M)

 State the meaning of the following: (4mks)

1. C………………………………………………………………………………

(ii) I: ………………………………………………………………………………

 (iii) G …………………………………………………………………..………….

 (iv) X-M: …………………………..………………………..………………………

12. With suitable examples, explain the meaning of the following terms as used in demand.

 (a) Joint demand (2 marks)

 (b) Derived demand. (2 marks)

13. Nyeri county has lately been experiencing a decline in the birth rate, State four reasons for this

 decline. (4 marks)

1. …………………………………………………………………………………………………………….
2. ……………………………………………………………………………………………………………..
3. ……………………………………………………………………………………………………………..
4. ……………………………………………………………………………………………………………..

14. Give four basic characteristics of a business idea. (4mks )

1. …………………………………………………………………………………………….
2. ……………………………………………………………………………………………..
3. ……………………………………………………………………………………………..
4. …………………………………………………………………………………………......

15. Outline **four** documents needed to start a company. ( 4mks)

1. ……………………………………………………………………………………………
2. ……………………………………………………………………………………………
3. …………………………………………………………………………………………….
4. ……………………………………………………………………………………………

16. Identify four barriers to international trade that are imposed by governments. (4mks)

1. ………………………………………………………………………………………………………………
2. ………………………………………………………………………………………………………………
3. ………………………………………………………………………………………………………………
4. ………………………………………………………………………………………………………………

17. In the table below classify the accounts as personal, nominal, real or private. (4mks )

 *Account Account type*

 Machinery ………………………….

 Kamau( creditor) ………………………….

 Electricity bill ………………………….

 Rent income ………………………….

18. Outline four reasons why shopping malls have become popular in Kenya. (4 marks)

1. ……………………………………………………………………………………….
2. ………………………………………………………………………………………..
3. ………………………………………………………………………………………...
4. ………………………………………………………………………………………...

19. On 1st July 2012, Meru traders had the following balances:

|  |  |  |
| --- | --- | --- |
|  |  | shs.  |
|  | Computer  | 45,000  |
|  | Capital  | 136,000  |
|  | Creditors  | 20,000  |
|  | Furniture  | 80,000  |
|  | Bank  | 26,000  |
|  | Cash  | 5,000  |
|  |  |  |

The following transactions took place on 2nd July 2012:

* 1. purchased a motor van for sh.400,000 on credit from Shah motors
	2. paid a creditor sh. 13,000 by cheque
	3. bought furniture for sh.8000 by cheque

Prepare a balance sheet as at 2nd July 2012 after the above transactions had taken place. (4 marks)

20. State four factors that hinder economic development in most African countries. (4marks)

1. ……………………………………………………………………………………..
2. ……………………………………………………………………………………..
3. ………………………………………………………………………………………
4. ……………………………………………………………………………………...

|  |  |  |
| --- | --- | --- |
| 21. Highlight four reasons that may necessitate insurance companies to re-insurance. 1. …………………………………………………………………………………
2. …………………………………………………………………………………
3. …………………………………………………………………………………
4. …………………………………………………………………………………
 |  | (4mks)  |

22. The following table shows the price of 2kg of maize flour 1 loaf of bread, and 1 packet of milk in

 2013 and 2014 with their weights.

|  |  |  |  |
| --- | --- | --- | --- |
| Items  | Prices  |  | Weights  |
|  | 2013  | 2014  |  |
| Flour  | 80  | 85  | 2  |
| Bread  | 50  | 60  | 1  |
| Milk  | 40  | 60  | 3  |

 ***Required****:*

Calculate Consumer Price Index (C.P.I) for the year 2014 for the basket of goods composed of the three items using the

Weighted Average Method and determine level of inflation. (4 Marks)

23. State four conditions that must be met for an insurance contract to be valid. (4 marks)

1. ………………………………………………………………………………………..
2. ………………………………………………………………………………………..
3. ………………………………………………………………………………………..
4. ………………………………………………………………………………………..

24. The following balances were extracted from the books Lion Traders as at 30th June 2012.

 Shs.

 Sales 14,000

 Carriage out 6,000

 Discount allowed 11,000

 Discount received 5,000

 Returns in 12,000

 Rent income 3,000

 Purchases 2,000

 Bank 150,000

 Capital 159,000

 From the above information, prepare a trial balance. (4 marks)

25. State four characteristics of basic human wants. (4 marks)

1. …………………………………………………………………………………………..
2. …………………………………………………………………………………………..
3. …………………………………………………………………………………………..
4. …………………………………………………………………………………………..