NAME…………………………………INDEX NUMBER………………………/…………….

565/1 CANDIDATE’S SIGNATURE……………………….

BUSINESS STUDIES DATE………………………………………………………

PAPER 1 JULY 2017

SUKEMO MOCK PAPER 1

2 HOURS

Instructions to Candidates

1. Write your name and index number in the spaces provided above.
2. Sign and write the date of the examination in the spaces provided above
3. Answer all the questions
4. All answers must be written in the spaces provided in this booklet
5. Do not remove any pages from this booklet
6. This paper consists of **11** printed pages
7. Candidates should check the question paper to ascertain that all pages are printed as indicated and no questions are missing.

For Examiner’s use only

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 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 |  |  |  |  |  |  |  |  |  |  |  |  |

TOTAL MARKS

1. Outline 4 benefits of learning business studies in schools. (4marks)

i)

ii)

iii)

iv)

2. State 4 benefits that may accrue to a business from political stability in a country. (4marks)

i)

ii)

iii)

iv)

3. Outline 4 factors considered when deciding on a suitable location of an office.(4marks)

i)

ii)

iii)

iv)

4. Highlight 4 benefits Kenya is likely to get from exploitation of oil recently discovered in Turkana area.(4mks)

i)

ii)

iii)

iv)

5 . Give 4 differences between a bill of exchange and a promissory note (4marks)

|  |  |
| --- | --- |
| Bill of exchange | Promissory note |
| i) |  |
| ii) |  |
| iii) |  |
| iv) |  |

6. Highlight 4 measures a consumer may take to satisfy unlimited wants. (4mks)

i)

ii)

iii)

iv)

7. Currently the government is selling state owned businesses to private investors. Highlight 4 benefits of such decisions. (4mks)

i)

ii)

iii)

iv)

8. Highlight 4 ways in which goods are prepared for sale in a warehouse. (4marks)

i)

ii)

iii)

iv)

9. State 4 benefits that Kenya will reap after the completion of the Lamu Port and Lamu South Sudan – Ethiopia Transport Corridor (LAPSSET) Project whose construction is underway. (4mks)

i)

ii)

iii)

iv)

10. Highlight 4 reasons for the popularity of promotion convoys. (4mks)

i)

ii)

ii)

iii)

iv)

11. State the type of error committed in each of the following entries. (4mks)

|  |  |
| --- | --- |
| Entry | Type of error |
| i) Credit purchases of sh 2,600 from Toto Traders was recorded as sh 6,200 in both the purchases and Toto Traders account |  |
| ii) Sale of furniture on credit to Wanjiru for sh 6,000 was debited to Wanjiku’s account |  |
| iii) Sales book was undercast by sh 210 while purchases book was also undercast by sh 210 |  |
| iv) Repairs on machinery for sh 3,400 was debited in machinery account as sh 3,400 |  |

12. Highlight 4 reasons why a country would like to know the structure of its population (4marks)

i)

ii)

iii)

iv)

13. State 4 reasons that make it difficult to attain perfectly competitive conditions in the market.(4mks)

i)

ii)

iii)

iv)

14. State whether each of the following transactions will increase, decrease or have no effect on the balance sheet totals (4marks)

**Transaction**  **Effect on balance sheet totals**

a. Deposited private savings into business account………………………………………….

b. Paid a creditor in cash……………………………………………………………………..

c. Withdrew money from bank for business use……………………………………………

d. Purchased a motor van by cheque……………………………………………………….

15. Outline 4 factors that determine the supply of money in an economy.(4mks)

i)

ii)

iii)

iv)

16. The information below was extracted from the books of Lemayian Traders for the year ended 31.12.2015.

Shs.

Opening stock 45,000

Closing stock 15,000

Turnover 340,000

Margin 25%

Required:

i) Gross Profit (2mks)

ii) Purchases.(2mks)

17. Outline 4 reasons why the government imposes taxes on Kenyan citizens.(4mks)

i)

ii)

iii)

iv)

18. For each of the following source documents, name the relevant day book.(4mks)

|  |  |
| --- | --- |
| Source document | Day book |
| Invoice issued |  |
| Credit note received |  |
| Cheque received |  |
| Invoice received |  |

19. State 4 limitations of the consumer price index as a method of measuring the rate of inflation. (4mks)

i)

ii)

iii)

iv)

20. State 4 types of information that a manager may communicate to the juniors. (4mks)

i)

ii)

iii)

iv)

21. Give 4 disadvantages of a long chain of distribution of goods to a buyer. (4mks)

i)

ii)

iii)

iv)

22. The following information relates to Bahati Nzuri traders for the year ended 31/12/2010.

Details kshs

Capital 31/12/2010 450,000

Additional investment 70,000

Cash drawings 30,000

Drawings of stock 15,000

Net loss 100,000

Required:

Calculate the capital of Bahati Nzuri traders as at 1/1/2010 (4mks)

23. Outline 4 circumstances in which the government may be involved in business. (4mks)

i)

ii)

iii)

iv)

24. Outline 4 structural changes that may take place when a country is experiencing economic development. (4mks)

i)

ii)

iii)

iv)

25.The cash book below was incorrectly prepared.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | Cash | Bank | Date | Particulars | Cash | Bank |
| 2017 |  |  |  | 2017 |  |  |  |
| June 1 | Bal b/d | 800 | 1880 | June 2 | Sales | 2640 |  |
| June 3 | Purchases |  | 2520 | June 5 | Wages |  | 620 |
| June 4 | Electricity | 500 |  | June 9 | Kiprono(creditor) | 250 |  |
| June 7 | Maitho(debtor) |  | 400 | June 12 | Rent received |  | 1830 |
| June 12 | Bal c/d | 1590 |  | June 12 | Bal c/d |  | 2350 |
|  |  | 2890 | 4800 |  |  | 2890 | 4800 |
| June 13 | Bal b/d |  | 2350 | June 13 | Bal b/d | 1590 |  |

Identify transactions that were wrongly entered in the cash book. (4mks)

i)

ii)

iii)

iv)