

**565/1**



**BUSINESS STUDIES**

**PAPER 1**

**PRE-MOCK I – 2021**

**JULY/AUGUST**

**2 HRS**

**Name………………………………………………… ADM No………………..**

**Stream……………………………………....... Candidate’s signature……………..**

**Index No ……………………………….. Date………………………………..**

**Instructions to candidates**

1. Write your name and Adm Number in the spaces provided above.
2. Answer ALL the questions.
3. All answers must be written in the spaces provided.
4. Candidates should check the question paper to ascertain that all the pages are printed as indicated and no of questions missing.
5. This paper consist of 11 printed pages.
6. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
7. Candidates should answer all the questions in English.

**For Examiners Use Only**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Questions | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | | 7 | | 8 | | 9 | | 10 | | 11 | | 12 | |
| Marks |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
|  |  |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Questions | 13 | 14 | | 15 | | 16 | | 17 | | 18 | | 19 | | 20 | | 21 | | 22 | | 23 | | 24 | | 25 | |
| Marks |  |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |

**Total marks**

1. Highlight four external factors that may positively influence the operation of

a business. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. Outline four reasons why choice is crucial in satisfaction of human wants. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. Labour is one of the key inputs in production. List down four possible rewards of labour. (4mks)

i)…………………………………………………………………………………………….………………………………………………………………………………………………

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. There a are many developments in business environments which have promoted entrepreneurs to adopt new management policies to operate effectively. Highlight four new management policies that every entrepreneur/business need to adopt. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. State any four factors that may influence the choice of filing equipment’s. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. Outline five new trends in the office organization today. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. Highlight four advantages of hire-purchase to a buyer. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. Outline four limitations of consumer associations. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. The following are examples of various terminologies used in transport. Name the elements associated with each example. (4mks)

|  |  |
| --- | --- |
| Examples | Elements |
| 1. Busstop |  |
| 1. Bicycles |  |
| 1. Canals |  |
| 1. Animal power |  |

1. Write four reasons why mobile phones have become very popular. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. State four examples of a private warehouse that traders may use to store their

goods. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. Highlight four circumstance under which an insurance company may re-insure.(4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. Outline four demerits of personal selling. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. The diagram below show normal demand and supply curves of maize in Kitale market. On the diagram show the new equilibrium point, equilibrium price and equilibrium quantity as a result of negative change of consumer taste and preference towards maize.(4mks)

Price DO SO

EP E

SO DO

**EQO**

Quantity

1. Outline four diseconomies of scale which an expanding firms may experience.(4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

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

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...……………………………………………………………………………………………

iv)…………………………………………………………………………………………...……………………………………………………………………………………………

1. With the help of a diagram show the circular flow of income in a two sector

economy. (4mks)

1. Kenya power and lighting company is the only company that distributes power in Kenya. Highlight four characteristics of the type of market structure in which the firm

operates. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

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1. On 1st February 2018, Bonet traders had Kshs 3250 in the bank and Kshs 1240 cash in hand. During the week the following transaction took place. (4mks)

Feb 2: Bought stock ksh 2500 paying by cheque

Feb 3: Cash sale shs 15,000 were made.

Feb 7: Bought stock worth kshs 2000 on credit.

Feb 8 : Took all the money in cash box to the bank leaving balance of Kshs 1000 only

Prepare a two column cash book.

1. Outline four importance of a trading, profit and loss account in a business. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. The following information relates to Iten traders for the year ended 31/12/2017. Gross profit margin was 20%

Fixed assets 5,000,000/=

Current assets 650,000/=

Net profit 300,000/=

Capital 4,700,000/=

Current liabilities 650,000/=

Sales 2,000,000/=

Closing stock 100,000/=

Opening stock 200,000/=

1. Calculate current ratio (1mk)
2. Gross profit mark-up (1mk)
3. Rate of stock turnover. (1mk)
4. Return on capital. (1mk)
5. Highlight four characteristics of money. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. Explain the following terns as used in international trade. (4mks)
2. F.O.R (Free on Rail)

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1. F.O.B (Free on Board)

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1. Freight note

………………………………………………………………………………………………………………………………………………………………………………

1. Import license

………………………………………………………………………………………………………………………………………………………………………………

1. State four canon (principles) of government expenditure. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………

1. Highlight four indicators of economic development in a country. (4mks)

i)…………………………………………………………………………………………………………………………………………………………………………………………..

ii)……………………………………………………………………………………………………………………………………………………………………………………………

iii)…………………………………………………………………………………………...………………………………………………………………………………………………

iv)…………………………………………………………………………………………...………………………………………………………………………………………………