**Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Index No: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ School: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ADM.NO \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Candidate’s Sign\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**565/1**

**BUSINESS STUDIES**

**Paper 1**

**APRIL 2023**

**Time: 2 Hours**

**ARISE AND SHINE**

**FORM 4 TRIAL I EXAMINATION-2023**

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

**Instructions to Candidates:**

1. Write your name, index number in the spaces provided above.
2. Sign and write the date of examination in the spaces provided above.
3. Answer all questions in the spaces provided in the questions paper.
4. Non-Programmable silent electronic calculators may be used.
5. This paper contains 25 questions.
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 the questions in English.

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

1. Identify the environmental factor affecting business operations as described by the following statements. (4 marks)

|  |  |  |
| --- | --- | --- |
| **S.no** | **Statement** | **Factor** |
| a | Skills and methods used by workers in production. |  |
| b | Affects buyer’s ability to buy products offered by a business |  |
| c | Firms selling similar products trying to outdo each other in their efforts to maximize profits |  |
| d | Formal arrangement of activities carried out by employees at various levels in an organization. |  |

2. Give **four** items of information that can be found in an insurance policy. (4 marks)

(4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

3. Highlight **four** factors considered when planning the location of an office. (4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

4. Outline **four** reasons for collapse of small scale business units. (4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

5. Many changes have taken place in the transport sector. Identify any four of such changes. (4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

 6. Mention **four** costs that are incurred by middlemen while distributing goods. (4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

7. For each of the following transactions indicate in the appropriate columns the source documents and the books of original entry in which the transactions should be recorded (4 marks)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Transaction | Source document | Book of original entry |
| (a) | Goods returned by a customer |  |  |
| (b) | Purchase of goods on credit |  |  |

8. Outline **four** circumstances when high population is desired in a country (4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

9. Globalization is a term often used to denote business ownership and spread. Outline four merits of globalization of business units. (4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

10. Give the term that best suit each of the statements described below. (3 marks)

|  |  |  |
| --- | --- | --- |
|  | Statement | Term |
| a | List of wants starting from most pressing to the least pressing |  |
| b | Limited or not enough in supply of something |  |
| c | Value of the best next forgone alternative |  |

11. The following assets and liabilities belong to Longisa Traders as at 31.12.20

Stock sh. 90,000

Equipment sh. 130,000

Creditors sh.65,000

(a). Work out the net worth of Longisa Traders (1 mark)

……………………………………………………………………………………………………………………………………………………………………………………………………………………………….

12. The following balance were extracted from the books of Bomet East traders on 31st July 2022

|  |  |
| --- | --- |
| Items | Amount |
| CapitalCash in handBuildingsFurnitureMotor vehicleCreditorDebtorsbank | 500000200002000025000137000800036000100000 |

Required: Prepare Bomet East traders trial balance as at 31st July 2022. (5marks)

13. The following balances were extracted from the books of Suswa Traders on 31st December 2001

Shs.

Gross profit 400,000

Salaries 160,000

Returns outwards 4,500

Telephone 40,000

Commission received 16,000

Sales 200,000

Commission 30,000

Repairs 15,000

Prepare a profit and loss account for the period ended 31st December 2001. (4 marks)

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

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14. Outline **four** essentials of a bill of exchange. (4marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

15. On 2nd November 2022 Ongengo received an invoice of Ksh. 12000. Terms of payment were: Trade discount of 5% and cash discount of 10%. If payment is made within 30 days. Determine the amount paid if payment was made on 27th November 2022. (4 marks)

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

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16. Identify the product promotion method described by each of the statement below. (4 marks)

|  |  |  |
| --- | --- | --- |
|  | Statement | Method |
| a | Selling a product below its market price so as to entice customers to enter the shop. |  |
| b | Process of passing information with a view of creating and promoting a favourable image of the organization to the public |  |
| c | Paid form of impersonal presentation of a product through mass communication media. |  |
| d | Reduction in the sales price of a product by the seller so that the buyer ends up paying less. |  |

17. Highlight any **four** services offered by commercial banks to their clients. (4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

18. State **four** emerging trends in communication. (4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

19. Give **four** characteristics of oligopoly market structure. (4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

20. The diagram below shows equilibrium price and quantity.

 D S

Price

 Pe

 S D

 Qe q uantity

Draw a new demand curve on the diagram above showing a decrease in demand and the effect on:

(4 marks)

(a). Equilibrium price (Pe)

(b). Equilibrium quantity (Qe)

(c). Equilibrium point (E)

21. Highlight **four** reasons why a country would rely more on primary level of production. (4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

22. State **four** importance of computing national income statistics in a country such as Kenya. (4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

23. From the transactions below, state the accounts to be debited and to be credited. (4 marks)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Transactions | Debit | Credit |
| i | Begun a business with Ksh 10,000 in the bank |  |  |
| ii | Bought equipment by cheque for Ksh. 8,000 |  |  |
| iii | Transferred Ksh 60,000 to the bank from the cash till |  |  |
| iv | Took cash Ksh.7,000 to pay hospital bill |  |  |

24. Outline four advantages of a systematic arrangement of goods in a warehouse. (4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….

25. Name four factors considered when determining size of the firm. (4 marks)

(a) ………………………………………………………………………………………………………

(b) ………………………………………………………………………………………………………

(c) ……………………………………………………………………………………………………….

(d) ……………………………………………………………………………………………………….