



565/1

**BUSINESS STUDIES**

Paper 1

August 2018

2 Hours

**YESMARK EDUCATION CENTRE- 2018**

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

**MOCK EXAMINATION 2018**

565/1

**BUSINESS STUDIES**

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2 Hours

**INSTRUCTIONS TO CANDIDATES**

- a. Write your name and index number in the spaces provided above
- b. Answer all question in the space provided

*This paper consists of 8 printed pages*

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

1. Outline **four** challenges faced by human beings in the process of satisfying their wants. (4 marks)

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2. Highlight **four** features of a mail-order stores (4 marks)

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3. State **four** characteristics of money. (4 marks)

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4. Highlight **four** disadvantages of specialization and division of labour. (4 marks)

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5. Outline **four** uses of national income statistics (4 marks)

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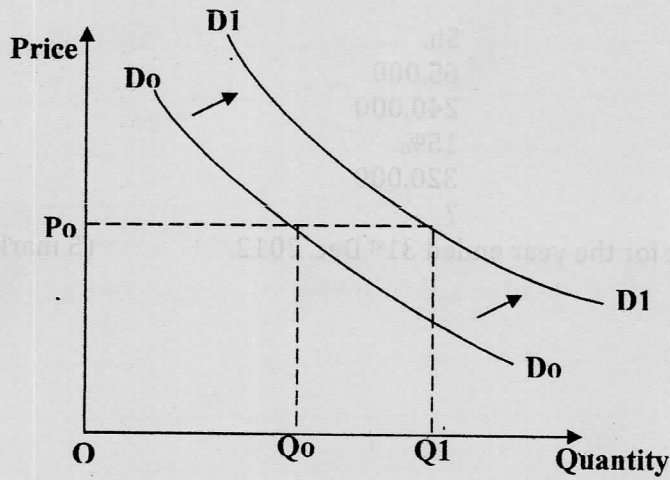
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6. The figure below shows a shift in demand curve of a given commodity.



Outline four factors that may have caused the shift in the demand curve

(4 marks)

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7. State four possible consequences that may arise from poor arrangement of goods in a warehouse. (4 marks)

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8. State four uses of a general journal. (4 marks)

(4 marks)

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9. The following information relates to Trendz Fashions for the year ended 31<sup>st</sup> Dec. 2012

	Sh.
Opening stock	65,000
Purchases	240,000
Profit margin	15%
Sales	320,000
Closing stock	?

Prepare trading account for the year ended 31<sup>st</sup> Dec. 2012. (5 marks)

10. Using the balance sheet equation. Fill the missing figures in the following table. (4 marks)

	Assts	Capital	Liabilities
(i)	21,920	?	30,341
(ii)	?	2,192	19,840
(iii)	3,773	1,591	?
(iv)	240	150	?

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11. Highlight four reasons why an entrepreneur needs a business plan. (4 marks)

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12. Highlight four roles played by the insurance industry in the Kenyan economy (4 marks)

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13. Outline four benefits of E-commerce in transacting business in an organization. (4 marks)

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14. State four circumstances under which a country's terms of trade is likely to improve. (4 marks)

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15. Outline four circumstances under which one would prefer to be paid by cash rather than by cheque. (4 marks)

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16. Give **four** advantages that traders get by selling branded goods. (4 marks)

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17. State **four** conditions that can lead to the dissolution of a co-operative society. (4 marks)

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18. State **four** malpractices against which consumers may need protection. (4 marks)

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19. Outline **four** characteristics of the less developed countries. (4marks)

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20. Outline **four** factors that influence the choice of product in the market. (4 marks)

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21. State **four** factors that determine the taxable capacity of a country. (4 marks)

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22. State any four functions of central bank. (4 marks)  
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23. Outline four ways which the government can correct a balance of payment disequilibrium. (4 marks)  
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24. State four reasons why a business unit would continue to advertise its product which is already a household name. (4 marks)  
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25. The following information was obtained from the records of Liners Safaris as at 31<sup>st</sup> August 2012.

	Sh
Land	50,000
Stock	90,000
Debtors	10,000
Prepaid Rent	15,000
KCB Loan	140,000
Salaries due	10,000
Creditors	170,000

From the items above determine the net worth of a business (4 marks)

