



MOI HIGH SCHOOL
KABARAK



Kenya Certificate of Secondary Education

565/ 1

Business Studies

Paper 1

(Theory)

T2 -2024 – 2 hours

**POST MOCK,
2024**

Name Adm Number.....

Candidate's Signature Date

INSTRUCTIONS TO CANDIDATES

- Write your name and index number in the spaces provided above.
- All questions carry equal marks
- Candidate should answer the questions in English
- Candidate should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing

For Examiner's Use Only

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

13	14	15	16	17	18	19	20	21	22	23	24	25



1. Identify the type of production activity associated with each of the following utilities. (4 marks)

UTILITY	PRODUCTION ACTIVITY
a) Time	
b) Place	
c) Form	
d) Possession	

2. State **four** reasons why diagonal communication needs to be encouraged in an organization

(4 marks)

- a).....
- b).....
- c).....
- d).....

3. The inflation rate in county moved from 6.1% to 7.6%. State four positive outcomes of this change (4 marks)

- a).....
- b).....
- c).....
- d).....

4. State **four** measures that the government can use to encourage increase in the country's volume of exports. (4 marks)

- a).....
- b).....
- c).....
- d).....

5. **Give** four reasons for the popularity of M-pesa as a means of payment in Kenya. (4 marks)

- a).....
- b).....
- c).....
- d).....

6. Highlight four factors which may render face to face communication ineffective. (4 marks)

- a).....
- b).....
- c).....
- d).....

7. State four features of a supermarket. (4 marks)

- a).....
- b).....
- c).....
- d).....

8. State any four principles that govern the operations of co-operative societies in Kenya.

(4marks)

- a).....
- b).....
- c).....
- d).....

9. State the best type of machine one would use to perform the following tasks. (4 marks)

	Functions	Name of machine
i)	Used to trim papers into desired sizes	
ii)	To post information to ledgers and to prepare payrolls	
iii)	To transmit printed messages such as letters, maps, diagrams and photographs	
iv)	To destroy sensitive but unwanted documents	

10. The following balance sheet belongs to Nyakwar Atiyo during the period ended 30th June 2000. (4 marks)

Nyakwar Atiyo Traders
Balance sheet
As at 30.06.2000

<u>Assets</u>	<u>Kshs</u>	<u>Capital + Liabilities</u>	<u>Ksh</u>
Machinery	45,000	Capital	65,000
<u>Current assets</u>		Creditors	45,000
Stock	7,750	<u>Short term liability</u>	
Debtors	1,375	Bank loan	10,000
Bank	<u>25,375</u>		
	<u>79,500</u>		<u>79,500</u>

The following transactions took place on July 1 2000.

- (i) Paid creditors Sh 2000 by cheque.
- (ii) Nyakwar Atiyo took stock worth Shs 7500 from the business for his son's birthday.
- (iii) Motor vehicle previously owned by Nyakwar Atiyo values at sh 200,000 was converted into business vehicles.

Required: Prepare the balance sheet of Nyakwar Atiyo traders as at 2nd July 2000.

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

- a).....
- b).....
- c).....
- d).....

12. Distinguish between the following categories of government expenditure. (4 marks)

a) Recurrent expenditure

.....

b) Capital expenditure

.....

13. Highlight **four** differences between hypermarkets and departmental stores. (4 marks)

- a).....
- b).....
- c).....
- d).....

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

31. 12. 2015

Opening stock	45,000
Closing stock	15,000
Turnover	340,000
Margin	25%

Required:

(i) Gross profit (2 marks)

.....

(ii) Purchases (3 marks)

.....

15. Distinguish between the following terms as used in National Income. (3 marks)

a) Gross Domestic Product

.....
.....

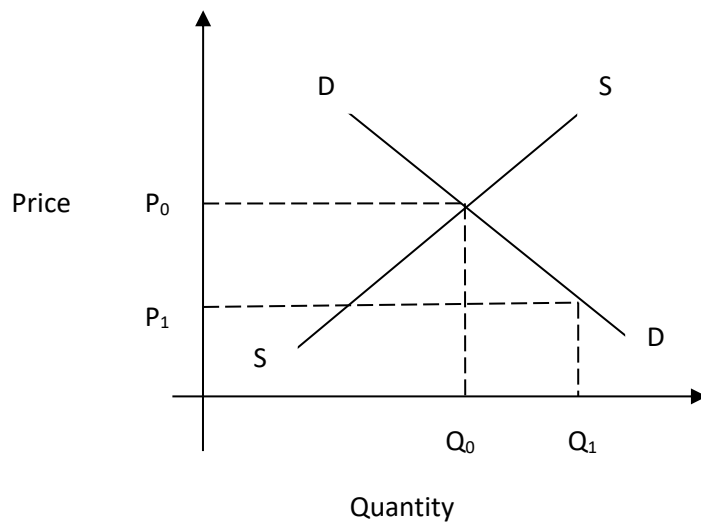
b) Gross National Product

.....
.....
.....

c) Per capita Income

.....
.....
.....

16. Study the diagram below and answer the questions that follows:



State four effects of fixing the price at P_1

(4 marks)

17. Highlight four consequences of poor arrangement of goods in warehouses. (4 marks)

- a).....
- b).....
- c).....
- d).....

18. Mention four circumstances under which a retailer may return goods to a wholesaler (4 marks)

- a).....
- b).....
- c).....
- d).....

19. Identify the book of original entry in which the following transactions can be recorded. (4 marks)

Transaction	Book of original entry
a) Paid salaries by cheque	
b) Returned goods to a supplier	
c) Sold goods on credit	
d) Bought delivery van on credit	

20. Enter the following transactions in the relevant ledger accounts. (4 marks)

2015

- April 1 Janet Cosmetics started a business with Ksh. 150,000 cash
- „ 3 Bought stock of goods for Sh. 40,000 and paid in cash
- „ 6 Opened a bank account and deposited Sh. 60,000 from the cash till
- „ 9 Purchased an office machine for Sh. 25,000 and paid by cheque

21. Open the relevant ledger accounts using the following information: (4 marks)

2011 Feb 1: Started business with Sh. 10,000 in cash and 50,000 at bank.

” Feb 2: Withdrew sh. 2,000 from bank for office use.

Date	Details	Folio	Amount	Date	Details	Folio	Amount

Date	Details	Folio	Amount	Date	Details	Folio	Amount

Date	Details	Folio	Amount	Date	Details	Folio	Amount

22. Outline four reasons why people start businesses. (4 Marks)

- a)
- b)
- c)
- d)

23. Define the following terms as used in business studies. (4 marks)

(i) Annuity

.....

(ii) Proposer

.....
.....
.....

(iii) Speculative risk

.....
.....
.....

(iv) Grace period

.....
.....
.....

24. In the table below fill in the missing figures S, T, U and V. (4 marks)

Business	Assets(shs)	Capital(shs)	Liabilities(shs)
A	20,000	S	5,000
B	42,000	32,000	T
C	U	17,000	53,000
D	18,000	V	6,000

S.....

T.....

U.....

V.....

25. State the type of human want one would satisfy in each of the following: (4 marks)

a) A tourist going to Maasai Mara National park

b) Cooking food for school children

c) Playing football.

d) Weaving clothes.

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