

ALLIANCE HIGH SCHOOL
Kenya Certificate of Secondary Education



- Form 4

565/1

BUSINESS STUDIES

Thursday 8th, September, 2022

TRIAL EXAM 2022 – 2 Hours

Name..... Admission number..... Class.....

Candidate's signature..... Index number Teacher

Instructions to Candidates

- Write your name, index number, admission number and class in the spaces provided above.
- This paper consists of 25 questions.
- Answer all questions in the spaces provided.
- Non-programmable silent electronic calculators may be used.
- This paper consists of 12 printed pages.
- The candidate should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
- Candidates should answer the questions in English.

For Examiner's Use Only.

SECTION A (565/2)

Question	1	2	3	4	5	6	7	8	9	10	11	12	13
Score													

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

TOTAL



Turn over

1. State four duties of an office clerk. (4 marks)

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2. Highlight four ways in which effectiveness of a warehouse may be improved. (4 marks)

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3. Give four features of Kenya Re-insurance company(KenyaRE). (4 marks)

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4. Outline four ways in which aids to trade facilitate trade. (4 marks)

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5. The following information was extracted from the books of Salome Traders: Capital Kshs 1,119,300; Long-term liabilities Kshs 1,807,000; and current liabilities Kshs 978,700.

Required:

a) Determine Salome Traders Rate of Return on Capital Employed if the business made a net profit of Kshs 438,945. (2 marks)

b) State two importance of the rate of return on Capital employed. (2 marks)

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

<u>Utility</u>	<u>Production Activity</u>
i. Time	
ii. Place	
iii. Form	
iv. Possession	

7. State four differences between equity financing and debit financing. (4 marks)

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8. Outline four roles played by Kenya chamber of commerce and industry. (4 marks)

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9. The following information relates to BiznaTraders rental income.

1st, September, 2021 – Had Kshs. 80,000 in the rent income account at the beginning of the year.

10th, September, 2021 – Received kshs. 120,600 from tenants.

30th, September, 2021 - Refunded 30,000 to a tenant who had vacated the premises.

Required:

Duly balanced Bizna traders' rental income account. (4 marks)

10. Briefly describe any four types of unemployment that are common in a developing country. (4 marks)

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11. Outline four differences between savings account and time deposit account.

(4 marks)

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12. The following information relates to Bingwa traders:

Land	450,000
Salaries owing	10,000
Debtors	12,500
Creditors	25,000
Cash	5,000
Bank	8,000
Loan from K.I.E	100,000
Loan from ICEDE	75,000
Stock	20,000
Fittings	7,500
Vehicles	250,000

Determine:

i. Capital owned. (1 mark)

ii. Borrowed capital. (1 mark)

iii. Working capital. (1 mark)

iv. Capital employed. (1 mark)

13. Ndayi issued a credit invoice of 399,999 shillings to Sipangwingwi on 3rd, August, 2022. Terms of trade were 7.4% cash discount if payment is made within 30 days and trade discount of 6.9%.

a) Calculate the amount Sipangwingwi paid if he partially paid 250,000 shillings on 28th, August, 2022, 140,999 on 2nd, September, 2022 and the outstanding balance on 8th, September, 2022. (2 marks)

b) Identify two measures that Ndayi should put in place to ensure that Sipangwingwi did not default in making payment. (2 marks)

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14. Outline four differences between cooperatives and public limited company. (4 marks)

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15. The following information relates to Masimo Kamau for the year 2022.

Turnover 270,000

Margin 40%

Rate of turn over 6 times

Expenses shs 40,000

From the information above, calculate:

(4 marks)

a) Gross profit

b) Cost of goods sold

c) Net profit

d) Average stock

16. BOATZ enterprises operates a fleet of ships. Describe four marine insurance policies it is likely to undertake to insure his ships. (4 marks)

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17. State whether the commodity or service given in the table below would satisfy a basic human want or a secondary human want.(4 marks)

Commodity/Service		Class of human want
(a)	A shirt	
(b)	Education	
(c)	Housing	
(d)	A packet of rice	
(e)	Entertainment	
(f)	Hair cut	
(g)	Green grams	
(h)	A car	

18. The government revenue in Kenya for the fiscal year 2020/2021 accumulated to Kshs. 1.78 trillion which was slightly higher compared to the previous fiscal year. Outline four reasons for this increase. (4 marks)

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19. State four causes of structural inflation.

(4 marks)

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20. Name the documents described by the statements given below as used in international trade: (2 marks)

- i. Request for payment before goods are delivered
- ii. Shows ownership or title of goods imported
- iii. Shows the country of manufacture of goods
- iv. Shows the transportation charges for goods

21. Give the meaning of the following terms as used in motivating the sales force to sell more: (4 marks)

a) Commission

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b) Bonus

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c) Out-of-pocket

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d) Push money

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22. Highlight four circumstances under which an under developed country may increase borrowing to finance its expenditure. (4 marks)

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23. For each of the following transactions given, indicate in the appropriate columns the source document and the book of original entry in which the transaction should be recorded.

Transaction	Source document	Books of original entry
Bought goods worth 30,000 shillings on credit from Kineiya.		
Sold furniture worth 60,000 to Mburu on credit.		
Cash cheques issued out		
Goods returned by Nafula worth 50,000.		

24. Outline one circumstance under which each of the following telecommunication services may be used: (4 marks)

i. Paging

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ii. Facsimile(fax)

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iii. Radio call

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iv. Telex

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25. State four ways in which effective management practices may contribute to success of a business. (4 marks)

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