

NAME: ..... INDEX NO: .....

SIGNATURE: .....,..... DATE : .....

ASUMBI GIRLS HIGH SCHOOL  
POST -MOCK 1  
AUGUST/SEPTEMBER  
2022

**AUGUST / SEPTEMBER - 2022**

**BUSINESS STUDIES**

**Paper 1**

**TIME: 2 HOURS**

**Instructions to Candidates**

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) This paper consists of **25** questions.
- (d) Answer **ALL** questions in the spaces provided
- (e) This paper consists of **10** printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing
- (f) Candidates should answer the questions in **English**

**For Examiner's Use Only**

<b>Question</b>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Marks</b>															

<b>Questions</b>	16	17	18	19	20	21	22	23	24	25
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<b>Marks</b>										
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**TOTAL MARKS**

*Turn Over*

1. State four merits associated with internal borrowing (4 marks)

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2. State four consequences that may arise due to poor arrangement of goods in a warehouse (4 marks)

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

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4. The following balance sheet was incorrectly prepared  
 CHUMA Enterprises  
 Balance sheet  
 As at 31<sup>st</sup> October 2020

Capital	100,000	Bank overdraft	15,000
Stock	28,000	Motor vehicle	70,000
Cash in hand	4,000	Debtors	37,000
Fixtures	<u>2,000</u>	Creditors	<u>26,000</u>
	<u>134,000</u>		<u>148,000</u>

Prepare the correct balance sheet arranged in **order of liquidity** to show fixed assets, current assets, current liabilities and capital. (4 marks)

5. Highlight four circumstances under which a manufacturer would find it necessary to carry out market research. (4 marks)

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6. State four factors that determine the amount of revenue collected by Kenyan government through taxation. (4marks)

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7. Other than the use computers in an office, mention four recent trends in office management. (4 marks)

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8. State any four principles that govern the operations of co-operative societies in Kenya (4 marks)

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9. The table below represents quantity of commodity X demanded by consumer **A and B**.

<b>Price per unit of x</b>	<b>Quantity of x demanded by A in a week.</b>	<b>Quantity of commodity X demanded by B in a week.</b>
20	200	400
10	200	600
5	300	700
2	400	800

State four possible reasons why B demands more of commodity X at every price than A (4 marks)

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10. Outline four ways in which a good business structure is of benefit to a business organization (4 marks)

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.....11.

Outline four factors that determine the amount of money that an individual may hold in order to meet unexpected expenses (4 marks)

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12. Give four reasons why the Kenya government has been organizing seminars and workshops for training youth in businesses (4 marks)

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13. Mention four circumstances under which an entrepreneur may establish his/her business where other businesses already exist (4 marks)

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14. Give four differences between a public limited company and a partnership. (4 marks)

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15. Highlight four measures that a government may take to correct a balance of payment deficit in the county (4 marks)

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16. Juma traders had the following information

Opening stock	40,000
Closing stock	55,000
purchases	200,000
Margin	25%

**Required**

a.) Calculate Juma's Rate of stock turn over. (3marks)

b.) State the importance of having a low rate of stock turnover. (1mark)

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17. Outline four ways in which the nature of a product influences the choice of distribution channel. (4 marks)

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

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19. **State four reasons** why billboards are popular in product promotions (4 marks)

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20. The following balances were obtained from the books of sunset traders as at 30<sup>th</sup> June, 2004.

Stock 1 <sup>st</sup> July 2003	45,000
Purchases	159,000
Sales	235,000
Stock 30/June/2014	33,000
Capital	75,000
Return outwards	3,000
Operating expenses	13,000

**Calculate:**

i) Stock turnover rate. (2 marks)



ii) Return on capital.

(2 marks)

21. State four ways in which legal political environment may improve business performance (4 marks)

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22. Distinguish the following types of goods as used in production.

i) Producer goods and consumer goods.

(2 marks)

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ii) Intermediate goods and finished goods.

(2 marks)

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23. The following cashbook was prepared by Kajuka Traders for the month of July 2021.

**kajuka traders'**  
**Cash book**

Dr Cr.

Date	Details	lf	cash	Bank	Date	Details	LF	cash	Bank
<u>2021</u>					<u>2021</u>				

July 2	Balance	b/d	<b>Y</b>		July 4	Balance	b/f		60,000
July 8	Sales		20,000		July 13	Purchases			30,000
July 18	Akinyi			50,000	July 21	Rent		6,000	
July 25	Sales			<u>120,000</u>	July 27	Balance	c/d	<u>P</u>	<b>Q</b>
				<b><u>170,000</u></b>				<u>60,000</u>	<u>R</u>

Calculate the missing figures.

(4 marks)

(i) Y .....

(ii) P .....

(iii) Q .....

(iv) R .....

24. Mention four benefits that may be enjoyed in a country that is experiencing over- population (4 marks)

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25. Highlight four limitations posed by the use of national income statistics as a way of comparing the living standards of people for different countries. (4 marks)

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