

KALA PRE-TRIAL EXAMINATION
Kenya Certificate of Secondary education

565/1 - BUSINESS STUDIES – Paper 1

MARCH 2025 2hrs



Name: Admission No

Class..... Date:School:.....

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) All questions carry the same marks
- f) Non-programmable silent electronic calculators may be used.
- g) This paper consists of 11 Printed pages
- h) Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing
- i) Candidates should answer questions in English
- j) All workings **MUST** be clearly shown

FOR EXAMINER’S USE ONLY

QUESTION	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
CANDIDATE’S SCORE															
16	17	18	19	20	21	22	23	24	25	TOTAL					

1. Identify the business environmental factor described by each of the following statements. (4 marks)

- a) Formal arrangement of activities that are carried out at various levels of the organization so that objectives of the business can be achieved
- b) A combination of employees expectations, beliefs and values within the business.....
- c) Factors which influence the ability of buyers to buy the goods and services offered by the business.....
- d) Factors such as relief, climate and infrastructure which affect the operation of the business both positively and negatively

2. Identify the types of goods described by the following statements. (4 marks)

	STATEMENT	TYPE OF GOOD
(a)	Goods that go bad easily unless stored under special facilities.	
(b)	They are scarce in supply but have monetary value	
(c)	Goods that are owned by the government or all her citizens collectively.	
(d)	Goods that are not ready for use before they are further processed.	

3. List four ways in which commercial banks make profit. (4 marks)

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4. The factors in the table below should be taken into consideration by a prospective entrepreneur when business opportunity. Classify them as either personal or business considerations. (4 marks)

Factor	Classification
a) Entrepreneurial skills	
b) Level of technology	
c) Availability of market	
d) Objectives of starting the business	

5. The average prices of a basket of commodities bought by proletariat and the weight attached is as shown in the table below:

Commodity	Year 2024 Price (Kshs.)	Weight	YEAR 2025 Price (Kshs.)	Weight
M	200	3	228	3
Q	180	1	192	2
N	87	3	101	2
G	140	5	170	3

- a) Determine the consumer price index using the year 2024 as the base year. (3 marks)

- b) Identify the level of inflation in a) above. (1 mark)

6. List any four ways that can be used to reproduce documents. (4 marks)

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7. The following balance sheet relates to Sue Yu on 13th, March, 2025:

SUE YU
BALANCE SHEET
AS AT 13TH, MARCH, 2025

	Shs	shs		Shs	shs
<u>Fixed Assets</u>					
Motor Vehicle	612 000		Capital	842 500	
Furniture	270 720	882 720	Add Net profit	96 720	
			Net Capital		939 220
<u>Current Assets</u>			<u>Long term liabilities</u>		
Stock	72 000		Bank Loan		250 000
Debtors	244 000		<u>Current liabilities</u>		
Electricity prepaid	4 000		Creditors	216 000	
Bank	50 000		Accrued rent	3 500	219 500
Cash	156 000	526 000			1 408 720
		1 408 720			1 408 720

Use the above information to determine the following:

- a. Capital owned (1 mark)
- b. Capital Borrowed (1 mark)
- c. Capital Employed (1 mark)
- d. Working Capital (1 Mark)

8. George Omollo an account holder with Kenya Commercial Bank, Limuru Branch issued MNC company ltd with a Cheque of 50 000 in full settlement of his debt.

From this illustration identify (3 marks)

- (a) The Drawee
- (b) The Payee
- (c) The Drawer

9. The following balances were extracted from the books of Sigilai Distributors on 31st, January, 2025.

Capital	shs 500,000
Sales	shs 850,000
Purchases	shs 400,000
Carriage Inwards	shs 15,000
Electricity Bill	shs 18,000
Bank Overdraft	shs 60,000
Drawings	shs 40,000
Return Inwards	shs.68,000

Required: Prepare Sigilai Distributors trial balance as at 31st, January, 2025. (5 marks)

10. One of the sources of capital for limited liability companies is sale of debentures to the public. List any four types of debentures that may be offered for sale by the companies.(4 marks)

11. Mention four factors that could lead to changes in capital of a business. (4 marks)

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12. For the following situations advise trader A on the most appropriate means of transport. (4 marks)

	Situation	Means of transport
(a)	Transporting bulky goods over a long distance over the sea.	
(b)	Carrying 7 tonnes of cabbages from Nyandarua to Nairobi.	
(c)	Moving perishable goods from one continent to another.	
(d)	Used to transport liquefied petroleum gas (LPG).	

13. Outline four characteristics of underdeveloped countries. (4 marks)

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14. Apart from letters, name four means of written communication. (4 marks)

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15. There has been concerns about high taxation in Kenya. Identify four measures the government can adopt to reduce taxation burden. (4 marks)

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16. Outline any four factors that ABC company ltd will consider when choosing a means of product promotion. (4 marks)

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17. The market demand and supply schedules of cabbages in Kariokor market.

Price (Kshs.)	5	10	15	20	25	30
Quantity demanded (In Kg)	3000	2000	1500	1000	800	500
Quantity supplied(in Kg)	600	1000	1500	2000	3000	4000

From the information determine

a) The equilibrium price (1 mark)

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b) The equilibrium quantity (1 mark)

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c) Calculate excess demand if the price of cabbages is 5 Shs. (1 mark)

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d) Calculate excess supply if the price of cabbages is 20Shs. (1 mark)

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18. Using an arrow (→) match the types of pollution with ways of reducing it. (4 marks)

- | Type of pollution | Ways of reducing it |
|--------------------------|---------------------------------------|
| a) Noise pollution | Using dustbins |
| b) Light pollution | Fixing silences to machines |
| c) Solid waste pollution | Using non-polluting sources of energy |
| d) Air pollution | Providing workers with goggles |

19. State four differences between Oligopoly and perfect competition market. (4 marks)

Oligopoly	Perfect competition

20. Highlight any four uses national income statistics. (4 marks)

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21. The following statistics relates to the country of Maji Mazuri.

Total population	30,000,000
No. of live births	3,500,000
No. of deaths	750,000
Emigration	2,500,000
Immigration	1,000,000

Calculate Maji Mazuri's:

a) Birth rate (2 marks)

b) Mortality rates (2 marks)

22. Fill in the missing values. (4 marks)

Fixed Assets	Current Assets	Capital	Liabilities
35,000	35,400	20,000	(a). 50,400
50,000	(b).. 58,000	83,600	24,400
200,000	170,000	120,000	(c) . 250,000
170,000	180,000	(d). 150,000	200,000

23. The diagram below is an extract of a general journal of Shirandula Enterprises.

Date	Details	Folio	Dr. Shs.	Cr. Shs.
2011				
Aug. 5	Walaguzi Traders a/c Tractor a/c		80,000	80,000
Aug. 10	Butere Restaurant Office furniture a/c Gain on disposal a/c		90,000	80,000 10,000
Aug. 20	Ali Traders a/c Loss on disposal a/c Machine a/c		50,000 30,000	80,000
Aug.28	Amani Enterprises a/c Motor vehicle a/c		200,000	200,000

Required : Give narrations of transactions that took place on: (4 marks)

Aug. 5:

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Aug. 10

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Aug. 20

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Aug. 28

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24. Identify the method of government involvement in business described by each of the following statements. (4 marks)

- a. A government initiated and supported policy to encourage local business people to enter into business so as to increase the volume and variety of goods and services traded in
- b. Availing services such as water, transport, electricity, sewerage and communication which are essential to firms and households
- c. Offering subsidies, incentives and loan guarantee so as to create a conducive environment for businesses to thrive.....
- d. Licensing and legislation activities by the government.....

25. Outline four circumstances under which producers may wish to eliminate intermediaries in the chain of distribution. (4 marks)

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