

**KALA TRIAL EXAMINATION**  
*Kenya Certificate of Secondary education*

**565/1 - BUSINESS STUDIES - Paper 1**

**JULY 2024    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
CANDIDATE'S SCORE														
16	17	18	19	20	21	22	23	24	25	<b>TOTAL</b>				

**KALA TRIAL 2024** *Inspiring Academic Success*

(4 marks)

1. Give four contents of a good business plan.

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2. The document below was issued by Kineiya Entreprises.

	Kineiya Entreprises P.O Box Private Bag  12 <sup>th</sup> , July, 2024
Mohamuud Khalif Furniture Ltd P.O Box 1234 Garissa  REF: Furnitures We would like to establish the availability and terms of sale for the furniture.  Regards. R.Kineiya C.E.O	

i) Identify the document. (1 mark)

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ii) Name three documents that Mohamuud Khalif Traders would have used in response to the above document. (3 marks)  
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3. Ngando Ltd, a leading manufacturer of household items, is considering doing away with wholesalers from its chain of distribution. Outline four possible effects of such a decision. (4 marks).

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4. List four essentials of transport. (4 marks)

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5. The following balances were extracted from the books of Mimi Traders on 31<sup>st</sup>, March 2024.

Sales 72,000

Purchases 68,000

Cash 20,000

Machinery 40,000

Debtors 35,000

Creditors 47,000

Stock (01/03/2024) 25,000

Capital ?

Prepare Mimi Traders trial balance as at 31<sup>st</sup>, March, 2024.

(4 marks)

6. Outline four effects of unemployment to the Kenyan youth.

(4 marks)

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7. Outline four measures that should be taken a businessman to improve the internal business environment (4 marks).

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8. Highlight four ways in which an open office lay-out can contribute to efficiency in office operations (4 marks).

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9. Indicate the type of journal in which each of the following transactions would be recorded. (4 marks).

Transaction	Type of Journal
Purchase of a motor vehicle on credit	
Returns to a supplier of goods previously bought on credit	
Sale of goods on credit to Peter	
Purchase of ordinary shares in Safaricom Ltd	

10. Outline four reasons why government participates in commercial activities. (4 marks)

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11. State the appropriate term given in the descriptions below on trends in business units (4 marks).

Description	Term
A company which acquires more than half of shares in another company	
The act of a business taking over another business by buying all the assets of the business such that the other business ceases to exist	
The process of transferring or selling state owned corporations to public limited companies or private investors.	
The process of granting other businesses the rights to manufacture, distribute or produce its branded products using the name of the business.	

12. Outline four disadvantages of public warehouses to a businessman (4 marks).

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13. Name the insurance policy an institution should take against the following risks. (4 marks).

Risk	Insurance Policy
Likelihood that some debtors may fail to pay their debt	
Injury caused by a falling fence to a passerby	
Loss of cash or goods as they are being transported	
Losses incurred due to dishonest acts of some employees	

14. Identify four after sale services that a seller may offer to his customers. (4 marks).

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15. Highlight four advantages that accrue to a country that relaxes trade restrictions with its trading partners. (4 marks).

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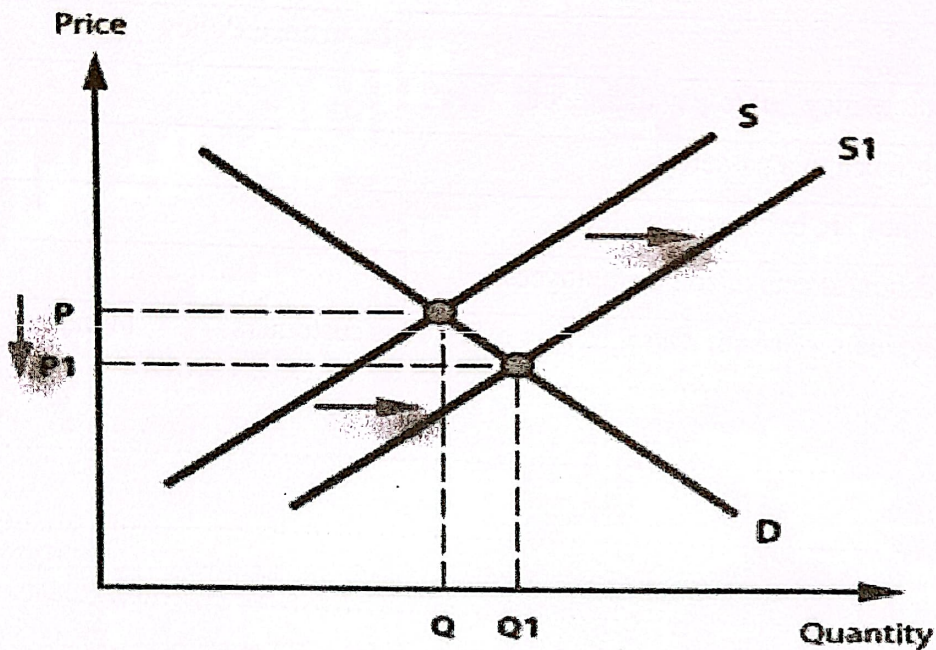
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16. The diagram below shows a shift in supply curve. Outline four factors that might have led to the trend below: (4 Marks)



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17. Match the following types of taxes with the appropriate description given below: -

Corporate tax, Customs duty, Estate duty, Excise duty. (4 marks)

Tax	Description
(a)	Is a tax levied on goods manufactured and sold in the country
(b)	Is a tax levied on wealth of a person after his death
(c)	Is a tax levied on entry of goods into a country
(d)	Is a tax levied on profits of business enterprises



18. List any four aids to trade

(4 marks)

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19. The following information relates to Mimi Traders for the year ended 30<sup>th</sup>, June, 2024.

Opening Stock 60,000, Purchases 220,000, Sales 300,000 Gross Profit Margin 15%.  
Determine Closing Stock of the business at the end of the financial year. (5 Marks)

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20. Classify the following resources as either renewable or non-renewable resources in the table given below. (4 marks)

resource	classification
Hydro-electric power	
Soda ash	
Solar energy	
Crude oil	

21. Mention four ways in which a society benefits from indirect production. (4 marks)

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22. State the effect of each of the following transactions on the balance sheet totals by indicating either increase, decrease or no effect. (4 marks).

Transaction	Balance sheet Totals
Offset Bank loan of Kes 1,000,000 using Sacco loan.	
Sold goods worth 10,000 for 15,000 in cash	
Donated goods from his business to charity	
Invested lottery win in business.	

23. State four circumstances under which face-to-face communication would be preferable. (4 marks)

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24. In the table below, tick appropriately whether each of the statements provided describes generic or enterprise competition. (4 marks)

Description	Generic Competition	Enterprise Competition
a) Topnotch publishers and Oxford Publishers both selling text books to students countrywide.		
b) Alliance High, Kenya High, Alliance Girls and Lenana competing in a joint KALA exam.		
c) YEYE Tea limited competing Mimi Coffee Limited.		
d) Jirani Mandazi limited Company competing Exe- bread bakeries.		

25. Give four reasons why small-scale businesses are popular to local investors? (4 marks)

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