

Name: \_\_\_\_\_ Admission No.: \_\_\_\_\_

School \_\_\_\_\_ Candidate's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**565/1**  
**BUSINESS STUDIES**  
Paper 1  
**OCT 2022**  
**Time: 2 hours**

**NYAHOKAKIRA CLUSTER THREE EXAMINATION 2022**

**Kenya Certificate of Secondary Education (K.C.S.E.)**



**565/1**  
**Paper 1**  
**BUSINESS STUDIES**  
**2 HOURS**

**Instructions**

❖ Answer ALL the questions in the spaces provided.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

16	17	18	19	20	21	22	23	24	25

**TOTAL**

--

1. State any **four** reasons that justify the existence of a business. (4 marks)

.....

.....

.....

.....

.....

2. Outline any **four** government-initiated methods of consumer protection. (4 marks)

.....

.....

.....

.....

.....

3. State the insurance policy described by each statement in the table below. (4 marks)

<b>Policy Description</b>	<b>Name of Policy</b>
a) Payment of premiums must continue until the death of the assured.	
b) Assured is paid a specified amount of money every year for a specified period.	
c) Covers any injuries to employees while on official duty.	
d) Covers loss of goods while being transport.	

4. Highlight **four** items that would be included in the measurement of national income using the expenditure approach. (4 marks)

.....

.....

.....

.....

.....

5. Complete the table below by indicating the ledger account to be debited and the account to be credited. (4 marks)

TRANSACTION	A/C TO BE DEBITED	A/C TO BE CREDITED
a) Bought a delivery van on credit from Mwalimu Motors		
b) Otieno, a proprietor, converted a private car into the business asset.		
c) Withdrew cash from bank for office use.		
d) Received a loan from Equity Bank by cheque.		

6. State any **four** services that facilitate trade. (4 marks)

.....

.....

.....

.....

.....

7. Outline **four** features of capital as a factor of production. (4 marks)

.....

.....

.....

.....

.....

8. Mention any **four** measures that may be taken by the government to curb unemployment problem in Kenya. (4 marks)

.....

.....

.....

.....

.....

9. Give **four** reasons why a manufacturer would prefer to use a short channel to distribute his/her products. (4 marks)

.....

.....

.....

.....

.....

10. Outline any **four** circumstances under which personal selling is appropriate. (4 marks)

.....

.....

.....

.....

.....

11. Highlight any **four** factors that may discourage entrepreneurial development in a country. (4 marks)

.....

.....

.....

.....

.....

12. Outline any **four** factors to be considered when choosing an appropriate means of communication. (4 marks)

.....

.....

.....

.....

.....

13. State any **four** factors that may lead to a positive shift in a supply curve. (4 marks)

.....

.....

.....

.....

.....

14. Outline four factors that may hinder a country’s economic development. (4 marks)

.....

.....

.....

.....

.....

15. Below are some entries in the cash book of Romana Traders for the month of July 2010.

**Cash Book**

<b>Dr</b>				<b>Cr</b>			
Date (2010)	Details	Cash (shs)	Bank (shs)	Date (2010)	Details	Cash (Shs)	Bank (Shs)
July: 1	Bal b/f	15,000		July: 1	Balance b/f		100,000
6	Cash		20,000	6	Bank	20,000	
20	Sales		15,000	15	wages	5,000	
28	Debtors	20,000		29	Purchases		10,000
				31	Bal c/f	19,000	

*Required:* State the meaning of the following entries. (4marks)

a) July 1, balance b/f bank column shs.100,000

.....

b) July 6, cash shs. 20,000 and Bank shs. 20,000

.....

c) July 28, debtors shs. 20,000

.....

d) July 31, balance c/f shs. 10,000

.....

16. Outline **three** motives for holding money. (3 marks)

.....

.....

.....

.....

.....

17. Suggest any **four** measures that can be taken by the government to improve *Boda Boda* transport in Kenya. (4 marks)

.....

.....

.....

.....

.....

18. Highlight **four** circumstances under which a bank may decline to honor a cheque. (4 marks)

.....

.....

.....

.....

.....

19. Outline **four** trends in office management. (4 marks)

.....

.....

.....

.....

.....

20. Identify the source documents used to enter the following journals.

(4 marks)

Journal	Source document
(i)Purchase journal	(i)
(ii>Returns outwards journal	(ii)
(iii) Sales journal	(iii)
(iv)Cash receipt journal	(iv)

21. Kibet runs his own business in Migori town. Highlight any **four** benefits he enjoys. (4 marks)

.....

.....

.....

.....

.....

22. Rapogi Traders had the following information in its books of account on 1<sup>st</sup> January 20-3.

	Sh.
Cash	12,500
Land	420,000
Closing Stock	48,000
Debtors	50,000
Bank overdraft	22,500
Creditors	4,600

During the month of January 20-3, the following transactions took place:

- Bought office machine on credit sh. 80,000 from Homabay Limited.
- Withdrew sh. 2,800 cash to pay the wife's hospital bill.

*Required:* Prepare a balance sheet as at 31<sup>st</sup> January 20-3.

(4 marks)

23. State **four** principles of government expenditure.

(3 marks)

.....

.....

.....

.....

.....

24. State **four** negative effects of inflation in the economy.

(4 marks)

.....

.....

.....

.....

.....

25. The following information relates to Musiko Traders for the year ended 31<sup>st</sup> Dec 2011.

	Sh.
Sales	800,000
General expense	120,000
Carriage on sale	10,000
Commission income	40,000
Margin	20%

**Required:** Prepare Musiko Traders profit and loss account for the year ending 31<sup>st</sup> Dec 2011. (5 marks)