**NAME………………………………………….. INDEX NO…………………………**

**SCHOOL………………………………………….. DATE……………………………..**

**CLASS/STREAM ................................... SIGN……………………………**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**JUNE 2022**

**TIME: 2 HOURS**

**MOMALICHE JOINT EXAMINATION**

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

**INSTRUCTIONS TO CANDIDATES**

1. *Write your name and index number in the spaces provided*
2. *Sign and write the date of the examination in the space s provided above*
3. *Answer all questions*
4. *All answers must be written in the space provided in this booklet*
5. *Do not remove any pages from this booklet*

For Examiner’s Use Only

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Question | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| Marks |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Question | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Marks |  |  |  |  |  |  |  |  |  |  |  |  |

1. Give four features of basic human wants. (4mks)

................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. Define the following terms appropriately. (4mks)
2. Mortality rate ..............................................................................................................................................................................................................................................................................................................
3. Fertility rate .............................................................................................................................................................................................................................................................................................................
4. Life expectancy ..............................................................................................................................................................................................................................................................................................................
5. Infant mortality rate ..............................................................................................................................................................................................................................................................................................................
6. Distinguish between the following (5mks)

|  |  |
| --- | --- |
| Debentures | Preference shares |
| a. |  |
| b. |  |
| c. |  |
| d. |  |
| e. |  |

1. State the type of document described below. (4mks)
2. Show from which country the goods are coming from.

..........................................................................................................................................................

1. Written by an exporter authorizing his bank to sell goods on his behalf

........................................................................................................................................................

1. Allow importer to get goods on credit and cannot be changed by the importer without exporters permission. .................................................................................................................................
2. Help in quicker clearance and it is issued by country’s official abroad.

.........................................................................................................................................................

1. Indicate whether the following items are falling in real, nominal or private accounts. (3mks)

Account

1. Sales .......................................................................................................
2. Carriage inwards .........................................................................................................
3. Fixture and fittings .........................................................................................................
4. Stock .........................................................................................................
5. Cash ..........................................................................................................
6. Capital ..........................................................................................................
7. Outline four characteristics of multiple shops (4mks)

................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. Highlight four ways in which the central bank acts as a banker to the government. (4mks)

.................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. State four negative effects of high taxation in Kenya. (4mks)

....................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. Write whether the following transactions will have an increase, decrease or no effect on the balance sheet totals.

(4mks)

**Transaction**  **Effect**

1. Withdrew stock for personal use ......................................................................................
2. Paid a creditor by cheque ......................................................................................
3. A debtor paid by cash ......................................................................................
4. Received a loan by cheque ......................................................................................
5. Give Meshack four reasons why he should not introduce division of labour in his factory. (4mks)

.................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. Highlight four roles played by personal secretary (4mks)

.................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. In a well labelled illustration, show a shift in the supply curve. (5mks)
2. Given the following information of Elisha Traders (4mks)

Land and Building. 490,000

Machinery 300,000

5 year loan 110,000

2 year loan 80,000

Creditors 90,000

Debtors 100,500

Stock 75,600

Cash 40,000

Bank overdraft 69,900

Calculate,

1. Working capital (1mk)
2. Current ratio (1mk)
3. Capital owned (1mk)
4. Borrowed capital (1mk)

1. Outline four trends in forms of business units. (4mks)

...................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. State four reasons that can lead to the termination of an insurance policy. (4mks)

....................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. State four essential elements in communication. (2mks)

....................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. Record the following transaction in the General journal.

June 1st bought furniture on credit from Wahu traders 25,000/=

June 2nd exchange a motor van book value 240,000 for a machine valued at 280,000/=

June 3rd sold furniture valued at 15,000 on credit to Erick for 13,400/=

June 4th bought a van from c.m.c worth 390,000 paing 300,000 cash the rest to be paid later. (4mks)

1. State four disadvantages of delocalization of firms. (4mks)

.................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. State four assumptions of circular flow of income in a two sector economy (4mks)

................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. Highlight four roles of advertising agencies in product promotion (4mks)

.............................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. Outline four benefits of commercial production (4mks)

.................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. Outline four reasons for one to hire human porterage instead of a pick-up to transport goods. (4mks)

.................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. Highlight four features of perfect competitive market. (4mks)

....................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. Name four documents that originate from the seller in the home trade. (4mks)

....................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................

1. State four limitations of trial balance. (4mks)

.................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................................