**Name:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Adm No.:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Candidate’s Signature**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Date**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**565/1**

**BUSINESS STUDIES**

**Paper 1**

**DECEMBER 2021**

**Time: 2 hours**

**LANJET JOINT EXAMINATION 2021**

***Kenya Certificate of Secondary Education***

**565/1**

**Paper 1**

**BUSINESS STUDIES**

**TIME: 2hours**

**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** |
|  |  |  |  |  |  |  |  |  |  |

***This paper consists of 8 printed pages. Candidates should check the question paper to ascertain that all pages are printed as indicated and that no pages are missing.***

1. State four reasons why a consumer should satisfy basic wants before secondary wants(4mks)

i)………………………………………………………………………………………

ii)………………………………………………………………………………………

iii)………………………………………………………………………………………

iv)……………………………………………………………………………………....

1. Outline four documents required by the registrar of companies to facilitate registration of limited liability companies(4mks)
2. ………………………………………………………………………………………
3. ………………………………………………………………………………………
4. ………………………………………………………………………………………
5. ……………………………………………………………………………………....
6. A lucrative business has been constantly releasing toxic wastes into the neighbourhood.Outline four measures you can take to stop the firm from such malpractices(4mks)
7. ………………………………………………………………………………………
8. ………………………………………………………………………………………
9. ………………………………………………………………………………………
10. ……………………………………………………………………………………...
11. Highlight four reasons that may make insurance firms to decline to insure acts of nature(4mks)
12. ………………………………………………………………………………………
13. ………………………………………………………………………………………
14. ………………………………………………………………………………………
15. ……………………………………………………………………………………....
16. The cash account below was extracted from Anestar traders during the month of March 2021.

ANESTAR TRADERS

CASH A/C

DR CR

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| DATE | DETAILS | AMOUNT | DATE | DETAILS | AMOUNT |
| March 2 | Capital | 3000 | March 3 | Purchases | 2000 |
| March 4 | Sales | 1500 | March 6 | Wages | 3000 |

State the possible transactions that could have given rise to the entries above

1. March 2nd……………………………………………………...(1mk)
2. March 3rd………………………………………………………(1mk)
3. March 4th………………………………………………………(1mk)
4. March 6th……………………………………………………….(1mk)
5. The government has raised the retirement age of civil servants from 55years to 60years.Highlight four effects of such a move(4mks)
6. ………………………………………………………………………………………
7. ………………………………………………………………………………………
8. ………………………………………………………………………………………
9. ……………………………………………………………………………………....
10. Outline four circumstances under which business resources maybe viewed as a weakness to a firm(4mks)
11. ………………………………………………………………………………………
12. ………………………………………………………………………………………
13. ………………………………………………………………………………………
14. ……………………………………………………………………………………...
15. Outline any four factors that may make firms communicate in writing to their staff(4mks)
16. ………………………………………………………………………………………
17. ………………………………………………………………………………………
18. ………………………………………………………………………………………
19. ……………………………………………………………………………………...
20. Highlight four factors that may determine the amount of revenue tobe collected through taxation(4mks)
21. ………………………………………………………………………………………
22. ………………………………………………………………………………………
23. ………………………………………………………………………………………
24. ……………………………………………………………………………………....
25. Outline four roles played by Nairobi securities exchange in the Kenyan economy(4mks)
26. ………………………………………………………………………………………
27. ………………………………………………………………………………………
28. ………………………………………………………………………………………
29. ……………………………………………………………………………………..
30. Highlight any four limitations of using after a sale service as a method of promoting products(4mks)
31. ………………………………………………………………………………………
32. ………………………………………………………………………………………
33. ………………………………………………………………………………………
34. ……………………………………………………………………………………...
35. For each of the following transactions, indicate the book of original entry in which the transaction would be recorded(4mks)

|  |  |  |
| --- | --- | --- |
|  | transaction | Book of original entry |
|  | Bought office equipments on credit |  |
|  | Received cash 30000 from Joel |  |
|  | Sold goods on credit to Mokua |  |
|  | Returned goods previously bought on credit to owalo traders |  |

1. Highlight four measures that a country like Kenya may take to correct unfavorable balance of payments(4mks)
2. ………………………………………………………………………………………
3. ………………………………………………………………………………………
4. ………………………………………………………………………………………
5. ……………………………………………………………………………………...
6. Outline four circumstances under which consumer associations may find it difficult to protect consumers against exploitation.(4mks)
7. ………………………………………………………………………………………
8. ………………………………………………………………………………………
9. ………………………………………………………………………………………
10. ……………………………………………………………………………………....
11. The following balance sheet relates to Uzuri traders

UZURI TRADERS

Balance Sheet

As at 31st May 2015

|  |  |
| --- | --- |
| sh. Sh.  Fixed Assets  Land 1,800,000  Motor vehicle 1,000,000  Furniture 30,000 2,830,000  Current assets  Stock 80,000  Debtors 50,000  Cash at bank 32,000  Cash in hand 20,000182,000  3,012,000  ====== | Capital and Liabilities  Capital 2,172,000  Long term liabilities  Loan from KCB 400,000  Loan from K.I.E 300,000 700,000  Short term liabilities  Creditors 100,000  Salary owing 40,000 140,000  \_\_\_\_\_\_\_\_  3,012,000  ======= |

Required:

Calculate (i) Capital owned (1 mark)

(ii) Borrowed capital (1 mark)

(iii) Working capital (1 mark)

(iv) Capital employed (1 mark)

1. The table shows the show the quantity demanded for commodity Y per month by consumers A and B

|  |  |  |
| --- | --- | --- |
| Price per unit(sh) | Quantity demanded by A | Quantity demanded by B |
| 10 | 100 | 300 |
| 8 | 200 | 400 |
| 5 | 300 | 500 |
| 3 | 400 | 700 |

State **four** reasons why B demands more of commodity Y at every price than A (4mks)

i)………………………………………………………………………………………

ii)………………………………………………………………………………………

iii)……………………………………………………………………………………

iv)……………………………………………………………………………………....

1. State the term given to each of the following descriptions(4mks)
2. Document used to demand payment before goods are delivered**…………….**
3. Document sent by the seller to the buyer to inform him/her that goods ordered have been dispatched **…………………………..**
4. A document supporting a credit sale**………………………………**
5. Document sent by the seller to the buyer when goods are returned**…………………**
6. Highlight four reasons why national income obtained using output approach may not give correct position of a country’s standards of living(4mks)

i)………………………………………………………………………………………

ii)………………………………………………………………………………………

iii)………………………………………………………………………………………

iv)……………………………………………………………………………………....

1. State the factor of production that each of the following resources relateto (5mks)

|  |  |  |
| --- | --- | --- |
|  | resource | Factor of production |
|  | manager |  |
|  | quarry |  |
|  | vehicle |  |
|  | water |  |
|  | owner |  |

1. Give the term that best fit the following description(4mks)
2. Money brought into the business by the owner**……………………………………………**
3. Goodsbought for resale **………………………………………………………………….**
4. Moneywithdrawn by owner of business for personal use**………………………………..**

d) Money borrowed from outsider**s……………………………………………………….**

1. Outline **four**feature that characterize land as an economic resource(4mks)

i)………………………………………………………………………………………

ii)………………………………………………………………………………………

iii)………………………………………………………………………………………

iv)…………………………………………………………………………………….

22. The following information relates to BIDII wholesalers on 30/6/1999.

|  |  |
| --- | --- |
| Closing stock | 55,000 |
| Opening stock | 62,000 |
| Sales | 200,000 |
| Mark up | 25% |

Draw BIDII’s trading account. (4 marks)

23. Identify four channels for distributing locally produced goods (4mks)

i)………………………………………………………………………………………

ii)………………………………………………………………………………………

iii)………………………………………………………………………………………

iv)……………………………………………………………………………………....

24. Outline**four**characteristics of under developed countries (4mks)

i)………………………………………………………………………………………

ii)………………………………………………………………………………………

iii)………………………………………………………………………………………

iv)……………………………………………………………………………………....

25. Outline three reasons why the government issue license to drivers. (3mks)

i)………………………………………………………………………………………

ii)………………………………………………………………………………………

iii)………………………………………………………………………………………