**MOMALICHE JOINT EXAMINATION-SERIES 4 CYCLE 8**

Kenya Certificate of Secondary Education

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

**NOVEMBER/DECEMBER 2021 - 2 Hours**

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**Name:**……………………………………………………  **ADM. No:**…………………………………

**CLASS:**……………………………………………………  **SCHOOL:**…………………………………..

**Instructions to candidates**

1. Write your name and school in the spaces provided above.
2. Answer all questions
3. All answers should be written in the spaces provided in this booklet
4. This paper consists of **9** printed pages.
5. Candidates should check the question paper to ascertain that all the pages are printed as indicated and no questions are missing.
6. Candidates should answer the questions in English.

**For Teacher’s Use Only**

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

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

|  |  |
| --- | --- |
| **TOTAL** **MARKS** |  |

1. State **four** reasons that would make an individual to engage in business. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

2. Highlight **four** circumstances that can lead to creation of a monopoly. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

3. Outline **four** differences between insurance and assurance. (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Insurance** | **Assurance** |
| a |  |  |
| b |  |  |
| c |  |  |
| d |  |  |

4. Outline **four** benefits to a business that uses its own warehouse. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

5. With an aid of a diagram, illustrate a change in equilibrium points following a decrease in demand. (4mks)

6. State **four** circumstances under which firms would form a cartel. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

7. Highlight **four** measures that a government may take to reduce the mortality rate in a country.

 (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

8. In the recent past, the Kenyan government has been privatizing its state businesses. State **four** reasons for doing this. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

9. Highlight **three** challenges that a person may encounter when using a mobile phone (3mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

10. Highlight **four** ways in which a business idea can be implemented. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

11. Outline **four** assumptions that would make circular flow of income in a two sector economy to hold.

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

12. On 1st January 2009, Kerubo Traders had Shs. 8,000.00 in cash and Shs. 70,000.00 at bank. During the month, the following transactions took place:

January

 08: Paid Onsarigo Traders Shs. 15,000.00 by cheque and was givenShs.1,000.00 cash discount.

 12: Sold goods for Shs. 24,000.00 cash and gave 5% discount

31: Banked all the cash except Shs. 5,200.00

Enter the above transactions in cash book and balance it off. (5mks)

13. List **four** levels of inflation. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

14. State **four** ways that may be used to control the amount of money in circulation by the Central Bank of Kenya. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

15. Outline **four** characteristics of a good tax system. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

16. State **four** reasons why food is considered a basic want. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

17. The following information was extracted from the books of Toboso Traders on 30th June 2021

 Stock on January 1st 2009 Shs. 60,000.00

 Stock on December 31st 2009 Shs. 30,000.00

 Expenses Shs. 35,000.00

 Sales Shs. 450,000.00

 Margin 25%

**Calculate:**

(i) Purchases for the year (2mks)

(ii) Net profit for the year (2mks)

18. Give **four** current trends in product promotion. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

19. Name the ledger in which the following accounts are maintained. (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Account** | **Ledger** |
| a | Yabasa(a debtor) a/c |  |
| b | Machines a/c |  |
| c | Rent a/c |  |
| d | Capital a/c |  |

20. Highlight **four** benefits that would accrue to a firm located near other existing firms. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

21. List **four** ways though which the government may create a condusive environment for business operations. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

22. The following information was extracted from the records of Arti Traders for the month of January 2020.

2010

Jan 02 : Bought a motor car on credit from Nyakweba Enterprises worth Shs. 23,000.00

05 : Sold an typewriter to Shon Traders on credit worth Shs. 40,000.00

08 : Sold old furniture whose book value was Shs. 20,000.00 on credit to Banderas Traders.

**Required:** Prepare the relevant book of original entry. (4mks)

23. State **four** ways in which the balance of payment of a country may be improved. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

24. Customers to the offices of Fanisi Enterprises have been complaining of lack of etiquette from the secretaries. Highlight **four** measures that the secretaries can take to improve the office etiquette.

 (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

25. Highlight **four** indicators of economic growth that may be observed as a country progresses. (4mks)

(a) …………………………………………………………………………………………………………………………………………………….

(b) …………………………………………………………………………………………………………………………………………………….

(c) …………………………………………………………………………………………………………………………………………………….

(d) …………………………………………………………………………………………………………………………………………………….

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