**LONDIANI SUB-COUNTY JOINT MOCK EXAMINATIONS**

**KENYA CERTIFICATE OF SECONDARY EDUCATION, 2022**

**565/1**

**BUSINESS STUDIES PAPER 1**

**AUGUST 2022.**

**TIME ALLOWED: 2 HOURS.**

**INSTRUCTIONS TO CANDIDATES.**

* **Answer ALL Questions in the spaces provided.**
* **This paper consists of 9 printed pages**
* **The candidate should ensure that all pages are printed**
* **Show all your workings.**

**FOR EXAMINERS USE ONLY**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTIONS**  | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** |
| **MARKS**  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **10** | **11** | **12** | **13** | **14** | **15** | **16** | **17** | **18** |
|  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **19** | **20** | **21** | **22** | **23** | **24** | **25** |
|  |  |  |  |  |  |  |

 **TOTAL MARKS**

1. State the books of original entry into which each of the following transaction would be entered, stating the source documents used in each case. (4mks)

|  |  |  |
| --- | --- | --- |
| TRANSACTION | SOURCE DOCUMENT | BOOKS OF ORIGINAL ENTRY |
| 1. Where goods are sold on credit
2. Where goods are sold on cash
3. Where goods sold on credit are returned
4. When we return goods previously bought on credit to supplier.
 |  |  |

1. Outline four reasons why an increase in per capital income may not necessarily lead to a rise in the standards of living of the citizens. (4mks)

a)

b)

c)

d)

1. Mention four benefits accrued to the Kenyan Economy as a result of introduction of the Standard Gauge Railway. (S.G.R.) (4mks)

a)

b)

c)

d)

1. Highlight **four** benefits that are likely to be enjoyed by a firm as a result of expansion of the entire industry (4 marks)

(a)

(b)

(c)

 (d)

1. Complete the following table by indicating the account to be debited and the one to be credited. (4mks)

|  |  |  |
| --- | --- | --- |
| Transaction | A/c to be debited | A/c to be credited |
| 1. Stared a business by depositing cash into the business bank account.
2. Purchase of goods on credit
3. Sold goods on credit
4. Bought a new motor vehicle by cheque
 |  |  |

1. The following information related to Karibu traders of the year ended 31st December

Details shs

Fixed assets 1.840,000

Current assets 400,000

6yr bank loan 600,000

Current liabilities 150,000

Using a properly drawn balance sheet determine the owner’s capital. (4mks)

1. State one circumstance under which each of the following source documents may be issued by the trader. (4mks)
2. Invoice
3. Debit note
4. Quotation
5. Credit note.

8. Highlight **four** measures that have been put in place by the government to bring order and sanity in the public transport sub-sector. (4 marks)

 (a)

(b)

(c)

 (d

9. State four reasons for privatizing public corporations. (4 mks)

(a)

(b)

(c)

(d)

10. The following information relates to Kiboko Traders as at 31st December 2021.

Details Shs.

Total drawings 400,000

Added investments 800,000

Capital on 31st Dec. 2021 7,000,000

Profit 3,100,000

Calculate Kiboko’s initial capital (4 mks)

11. Outline four ways in which a firm may be affected negatively by inflation. (4 mks)

(a)

(b)

(c)

(d)

12. Given below are transactions of Khan Enterprises. Enter them into the appropriate “T” accounts. (Balancing not required.) (4 mks)

20 – 9

August 1: Started business with cash at bank sh.50, 000

 “ 3: Paid salaries sh. 2,000 by cheque

 “ 5: Bought goods on credit sh. 13,000

 “ 8: Withdrew sh. 5,000 from bank for office use.

13. Outline four features of a bonded warehouse. (4 mks)

(a)

(b)

(c)

(d)

14. Highlight four factors that determine the fertility rate in a country.(4 Mark

 (a)

 (b)

 (c)

 (d)

15. Outline ***four*** ways in which the government of Kenya supports development of entrepreneurs (4mks)

a)

b)

c)

d)

16. Outline ***four*** reasons why firms with popular products find it necessary to continually advertise the same products (4mks) a)

b)

c)

d)

17. Outline ***four*** circumstances under which manufacturers may sell directly to retailers (4mks)

a)

b)

c)

d)

18. Identify ***four*** factors that determine the level incomes generated through taxation. (4mks)

a)

b)

c)

d)

19. Identify ***four*** merits of import substitution (4mks)

a)

b)

c)

d)

20. The following information relates to Marumi Traders on 1st’ July 2022.

 shs.

Opening stock 40000

Closing stock 55000

Purchases 200000

Margin 25%

Required: Draw Marumi Traders’ trading account. (4 Marks)

21. List ***four*** services that are rendered by wholesalers to retailers (4mks)

 a)

 b)

 c)

 d)

22. Highlight **four** advantages of division of labour and specialization in an organization.

 (4 marks)

a)

b)

c)

d)

23. Computerization is a modern trend that has led to success of many organizations. List **four** ways in which it contributes to the success of an organization. (4 marks)

a)

b)

c)

d)

24. The Kenya Bureau of standards (KEBS) is one of the bodies that is mandated by the Government of Kenya to regulate business activities. Highlight **four** Ways in which it regulates businesses. (4 marks)

 a)

 b)

 c)

25. Outline **four** features of perfect competition market structure. (4 marks)

 a)

 b)

 c)

 d)

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