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

 **ADM. NO.………..….SIGNATURE……..………… DATE………………**

**565/1**

**BUSINESS STUDIES**

**MOKASA 1**

**FORM THREE TERM THREE**

**JUNE/JULY - 2021**

**PAPER 1**

**TIME: 2 HOURS**

MOKASA 1 EXAMINATION

**KENYA CERTIFICATE OF SECONDARY EDUCATION**

**BUSINESS STUDIES**

**FORM THREE TERM THREE - 2021**

**PAPER 1**

**565/1**

**TIME: 2 HOURS**

Instructions to candidates:

1. Write your name, class, index number, admission number, signature and date of the examination.
2. Answer all questions in the spaces provided.
3. The question paper has **9** printed pages. Please check to ensure all questions are printed and no question is missing.
4. Mention the **fou**r essential elements of transport (4mks)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Give **four** reasons why shelter is a basic human want. (4mks)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. For each of the following source documents, identify the book of original entry in which the information will be recorded. (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Source document** | **Book of original entry** |
| a. | Received credit notes |  |
| b. | Cash receipts received |  |
| c. | Received invoices |  |
| d. | Issued credit notes |  |

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

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Outline **four** benefits of a youthful population to an economy. (4mks)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. State whether the following transactions will **increase**, **decrease** or have **no effect** on the balance sheet items and totals (4mks)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Transaction** | **Assets** | **Capital** | **Liabilities** | **Totals** |
| a. | Took a loan from KCB and used it to pay a KIE loan |  |  |  |  |
| b. | Bought furniture and paid by cheque |  |  |  |  |
| c. | Took stock of goods and donated to a local church |  |  |  |  |
| d. | Sold stock of goods on credit at a profit |  |  |  |  |

1. Highlight **four** features of the oligopoly market structure (4mks)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Define the following principles as used in insurance (4mks)
2. Indemnity

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Utmost good faith

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Subrogation

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Contribution

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Complete the following diagram (4mks)

 Trade

 a c

 Retail trade b d Import Trade

a.

b.

c.

d.

1. Outline **four** importance of entrepreneurship in an economy. (4mks)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Highlight **four** advantages of a public warehouse to a trader. (4mks)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. State the level of production that matches the following occupations (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Occupation** | **Level of production** |
| a. | Carpentry |  |
| b. | Lumbering |  |
| c. | Fishing |  |
| d. | Banking |  |

1. Highlight **four** ways in which the internal business environment may affect a business negatively. (4mks)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. State **four** sources of capital to public limited companies. (4mks)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Outline **four** circumstances under which personal selling may be appropriate in product promotion. (4mks)

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1. The following transactions were obtained from the books of Kimende Traders for the month of February 2017.

2nd Feb. 2017. Opening balance: cash in hand kshs 500,000 and cash at bank

 kshs 50,000.

3rd Feb. 2017. James, a debtor, paid kshs 20,000 by cheque.

5th Feb 2017. Purchased a motor vehicle worth kshs 300,000 from Shah Motors

 on credit.

 **Required**: Record the transactions in the relevant ledger accounts (4mks)

1. State **four** reasons for popularity of WhatsApp as a trend in communication. (4mks)

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1. State **four** benefits that may accrue to a firm as a result of growth of the industry. (4mks)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. The following information was extracted from the books of Kemei Traders for the month of December 2010;

Opening stock Shs. 60,000

Sales Shs. 360,000

Gross profit 25% of sales

Closing stock Shs. 70,000

Calculate;

1. Mark-up (2mks)
2. Rate of stock turn over (2mks)
3. Highlight **four** reasons why the government trains potential entrepreneurs. (4mks)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Complete the table below. (4mks)

|  |  |  |
| --- | --- | --- |
| **Assets**  | **Capital**  | **Liabilities**  |
| 100,000  |  a. | 35,000  |
|  b. | 112,000 | 80,000 |
| 310,000 | 100,000 |  c. |
|  d. | 140,000 | 60,000 |

1. Give **four** reasons why a producer may prefer to sell directly to consumers. (4mks)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Highlight **four** reasons for the shift below. (4mks)

 Price d0

 dI

 dI d0

 Quantity

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Highlight **four** reasons why most organizations prefer locating their offices in the outskirts of town. (4mks)

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

1. Below is a two column cashbook showing the transactions which took place in the business of Anyango in the month of June the year 2003.

 Dr Two column cashbook Cr

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| DATE | DETAILS | F | CASH | BANK | DATE | DETAILS | F | CASH | BANK |
| 1/6/03 | Bal b/d |  | 15,000 |  | 1/6/03 | Bal b/d |  |  | 20,000 |
| 3/6/03 | Onyango |  |  | 35,000 | 7/6/03 | Rent |  | 5,000 |  |
| 10/6/03 | Bank |  | 10,000 |  | 10/6/03 | Cash |  |  | 10,000 |
|  |  |  |  |  | 15/6/03 | Onyango |  |  | 35,000 |
| 30/6/03 | Bal c/d |  |  | 30,000 | 30/6/03 | Bal c/d |  | 10,000 |  |
|  |  |  | **15,000** | **65,000** |  |  |  | **15,000** | **65,000** |

State the transaction that took place during the following dates: (4mks)

1. 1st June 2003.
2. 7th June 2003.
3. 10th June 2003.
4. 15th June 2003