Name: _____ Index No: _____

School: _____ Candidate's Sign_____

Date: _____

565/1

BUSINESS STUDIES
Paper 1

August 2022
Time: 2 Hours

ARISE AND SHINE EXAMINATION

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

TRIAL 1 –TERM 2 AUGUST - 2022

Instructions to Candidates:

(a) Write your name, index number in the spaces provided above.
(b) Sign and write the date of examination in the spaces provided above.
(c) Answer all questions in the spaces provided in the questions paper.
(d) Non-Programmable silent electronic calculators may be used.
(e) This paper contains 25 questions.
(f) Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
(g) Candidates should answer the questions in English.

Questions	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
score																										

1. List four elements of economic environment that may positively influence business operations.

(4 marks)

(a)

(b)

(c)

(d)

2. Highlight four circumstances under which a trader may offer after sale services to a trader.

(4 marks)

(a)

(b)

(c)

(d)

3. Name the type of wholesaler described in each of the statements below.
(4 marks)

	Statement	Wholesaler
a	Specialised in selling particular lines of goods to retailers	
b	Customers given chance to pick goods they want and pay for them on the spot	
c	Deal with wide variety of goods	
d	Distribute their products in all parts of the country	

4. State four factors that may influence a farmer to use a short channel for distributing his farm produce.
(4 marks)

(a)

(b)

(c)

(d)

5. Outline four consequences of poor arrangement of goods in a public warehouse. (4 marks)

(a)

(b)

(c)

(d)

6. List four types of direct taxes that the government may use to collect revenue from individuals and companies.
(4 marks)

(a)

(b)

(c)

(d)

7. For each of the following transactions state the account to be debited.
(4 marks)

	Transaction	Account debited
(a)	Proprietor took cash for personal use.	
(b)	Bought goods and paid by cheque.	
(c)	Proprietor paid rent in cash.	
(d)	Paid Job (creditor) from private source.	

8. Highlight four benefits that the bank and the customers derive from agency banking. (4 marks)

(a)

(b)

(c)

(d)

9. Distinguish between ordinary shares and debentures.
(4 marks)

	Ordinary shares	Debentures
(a)		
(b)		
(c)		
(d)		

10. The following information relates to average prices of exports and imports in 2021 and 2022 of country k.

Year	Average price of export	Average prices of imports
2021	100,000	400,000
2022	120,000	650,000

Required

(a). Calculate the terms of trade. (3 marks)

(b). Comment on the term of trade calculated. (1 mark)

11. Name the type of supply described in each of the following cases. (4 marks)

(a). One product is a by-product of another

……

(b). Supply of one product reduces supply of another product.

……

(c). A product can be supplied from two or more sources……

(d). Quantities supplied over the quantities that customers are able to buy

……

12. The table below shows some entries in cash book of CMC traders for the month of July 2020.

Two column cash book

Dr **Cr**								
Details	Details	Cash	Bank		Date	Details	Cash	Bank
2020 July					2020			
July 1	Balance c/d	15,000			July 1	Balance b/d		100,000
July 6	cash		20,000		July 6	Bank	20,000	

July 20	Sales		15,000		July 15	Wages	5,000	
July 28	Debtors	20,000			July 29	Stock		10,000
					July 31	Balance c/d	10,000	

State the meaning of the following entries.
(4 marks)

(a). July 31, 2020, Balance c/d sh 10,000

……

(b). July 1, 2020, Balance b/d, bank column, shs 100,000

……

(c). July 28, 2020 Debtors Shs 20,000

……

(d). July 6, 2020 cash sh 20,000and bank shs 20,000.

……

13. List four challenges experienced in calculation of consumers' price index.
(4 marks)

(a)

(b)

(c)

(d)

14. Give four uses of general Journal.
(4marks)

(a)

(b)

(c)

(d)

15. Name the insurance policy a school can take to cover the following risks.
(4 marks)

	Risk	Policy
(a)	Injury caused by a school bull to a passer-by	
(b)	Losses arising from a debtors failure to pay their debt.	
(c)	Loss of cash when being transported to bank.	

(d)	Loss of goods through dishonesty of an employee	

16. Outline four advantages of specialization in production.
(4 marks)

(a)

(b)

(c)

(d)

17. State four disadvantages of using machines in an offices.
(4 marks)

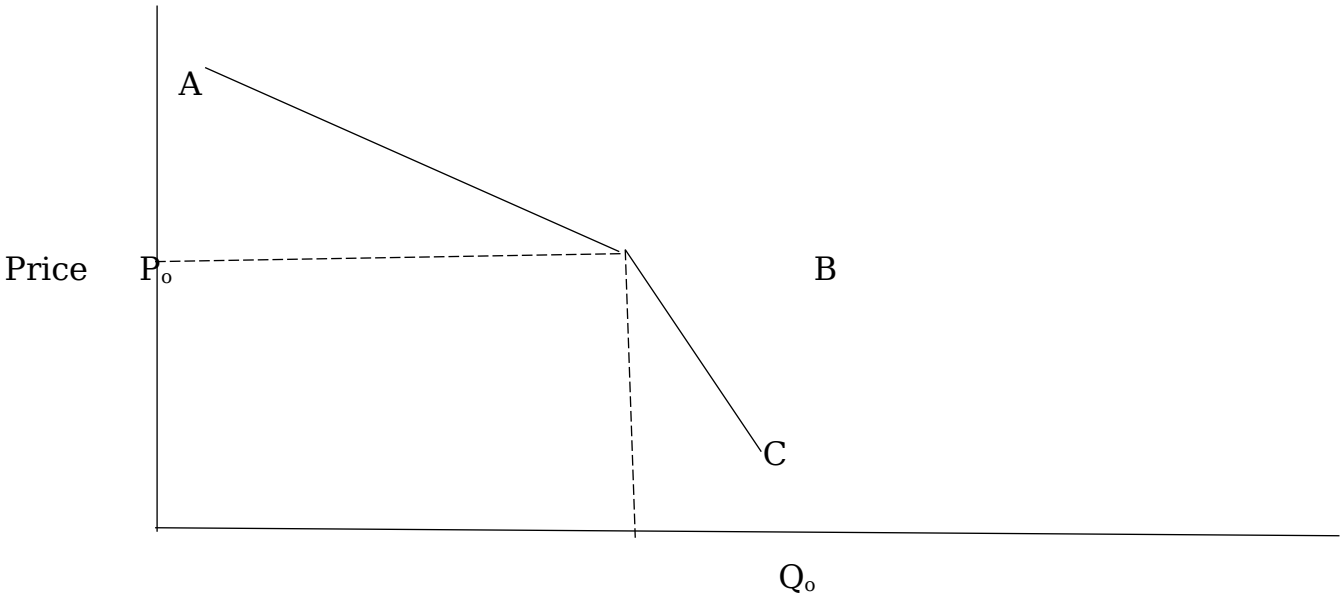
(a)

(b)

(c)

(d)

18. The diagram, below illustration price and output determination in an oligopoly market structure. Use it to answer the following questions.
(4 marks)



(a). What is the name given to the demand curve above

……

(b). What is the effect of setting price above

Po……

(c). What is the effect of setting price below Po

……

(d). Name the point labelled B

……

19. Outline four problems that a country could face during implementation stage of a development plan.
(4 marks)

(a)

(b)

(c)

(d)

20. Highlight four demerits of government involvement in business activities.
(4 marks)

(a)

(b)

(c)

(d)

21. The following information was obtained from the books of Omoi traders for the period ended 30th June 2021

Sales	500,000
Opening stock	80,000
Purchases	320,000
Closing sock	40,000
Debtors	140,000
Creditors	90,000

Required

(i). Calculate margin. (1 mark)

.....

.....

.....

(ii). Current ratio (1 mark)

.....

.....

.....

(iii). Rate of stock turn over (1 mark)

.....

.....

.....

(iv). Give the importance of margin.
(1 mark)

.....

.....

.....

22. Highlight four benefits that Kenya reaps due to the completion of the Lamu port and Lamu-South-South - Sudan-Ethiopia transport corridor.
(4 marks)

.....

.....

.....

23. Outline four ways in which political instability discourage entrepreneurial development in a country.
(4 marks)

(a)

(b)

(c)

(d)

24. State four disadvantages of locating a business away from other businesses.
(4 marks)

(a)

(b)

(c)

(d)

25. Outline four advantages of high population.
(4 marks)

(a)

(b)

(c)

(d)