NAME……ADM NO……CLASS……

565/1

BUSINESS STUDIES

Paper 1

July 2019

MOKASA II JOINT EXAMINATIONS

Kenya Certificate of Secondary Education

BUSINESS STUDIES

2 Hours

Instructions to candidates

a) Write your name, class and admission number in the spaces provided above

*b) Answer **all** the questions*

c) All answers should be written in the spaces provided in this paper

d) Check the question paper to ascertain that all questions are printed

e) Answer the questions in English

For Examiners Use Only

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Marks															

16	17	18	19	20	21	22	23	24	25

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1. Outline **four** reasons why filing is an important function of an organization.(4marks)

a)……

b)
……

c)……

d)
……

2. Koech started a business dealing in ladies clothing ten years ago. His business has gradually been growing and making more profits. Outline ***four*** reasons that may account to this.
(4 marks)

a)……

b)
……

c)……

d)
……

3. The table below contains descriptions of some goods. Classify them as Consumer, Intermediate, Free goods or Capital goods. (4marks)

Description	**Classification**
a) Goods used in the production of other goods but does not form part of the finished products	
b) Goods that are in their final state of usage	
c) Goods that are abundant in supply and have no monetary value	
d) Goods that are not ready for use before they are	

further processed	

4. Outline **four** examples of open trade credit used in home trade.
(4marks)

a).....

b)
.....

c).....

d)
.....

5. Outline ***four*** factors that determine the amount of money held by an individual for speculative motive.
(4 marks)

a).....

b)
.....

c).....

d)
.....

6.Using a (+) for increase, (-) for decrease and (0) for no effect , indicate the effects of the following transactions on Assets , Liabilities, Capital and the balance sheet totals.

(4 marks)

Description	**Assets**	**Liabilities**	**Capital**	**Balance sheet totals**
a) Bought goods worth shs 5000 on credit				
b) Sold goods worth shs7000 for shs8000 Cash				
c) The Proprietor took goods worth shs 2000				

for personal use				
d) The Proprietor donated personal motor vehicle worth shs 500,000 to the business				

7. Outline **four** reasons that may have led to the change in quantities demanded of commodity X in the market as shown in the schedule below. (4marks)

Time	**January**	**February**	**March**	**April**
Price (shs)	120	120	120	120
Quantities demanded	6,000	4,000	2,800	2,000

a)……

b)
……

c)……

d)
……

8.The capital of Kimosop traders on 1st January 2018 was shs. 85,000. During the year, additional investments of shs.50,000 and drawings of shs.60,000 were made. The capital as at 31st Dec 2018 was 65,000. Calculate Kimosop trader's profits or loss. (4 marks)

9. Highlight four reasons why the government may decide to reduce her shareholding in public corporations to a level below 50%. (4 marks)

a).....

b)
.....

c).....

d)
.....

10. State how the following components are treated in the measurement of national income.
(4marks)

National income component	**State whether added or subtracted**
a). Transfer Payments	
b). Depreciation	
c). Subsistence farming	
d). Net income from Abroad	

11. State ***four*** differences between ordinary shares and preference shares. (4 marks)

a).....

b)
.....

c).....

d)
.....

12. State **four** circumstances under which the use of face to face communication may be appropriate.
(4 marks)

a).....

b)
.....

c).....

d)
.....

13.Highlight **four** disadvantages of using sea transport.
(4 marks)

a).....

b)
.....

c).....

d)
.....

14.Outline ***four*** circumstances under which a intermediaries is used in distribution of a firms products.
(4 marks)

a).....

b)
.....

c).....

d)

……

15. Balance the following ledger accounts and extract a trial balance as at 30th June 2015

(4 marks)

Dr	Debtors a/c		Cr
2/6/15 Bal b/d	7000	8/6/15 Cash	1500
2/6/15 Bal b/d	16000		

Dr	Capital a/c		Cr
		2/6/15 Bal b/d	7000
		2/6/15 Bal b/d	16000

Dr	Cash a/c		Cr
2/6/15 Bal b/d	12,000	5/6/15 Creditors	2000
2/6/15 Bal b/d	3000		
8/6/15 Debtors	1500		

Dr	Creditors a/c		Cr
		5/6/15 Cash	2000

16. State **four** causes of structural unemployment.
(4marks)

a).....

b)
.....

c).....

d)
.....

17. Highlight ***four*** characteristics of a public warehouse.
(4 marks)

a).....

b)

.....

c).....

d)

.....

18. The following balance sheet belongs to Rivatex Traders.

Rivatex
Balance Sheet
As at 30th June 2019

Fixed Assets	sh		Sh
sh			
		Capital	
Premises		120,000	
90,000			
		Add Profit	
Furniture and Fixtures		30,000	
70,000			
		Net Capital	
Land	140,000	150,000	
300000			
Current Assets			
		Long Term Liabilities	
Cash	7000		
		5 year bank loan	
Stock	15000	200,000	
Bank	10000	Short term liabilities	
Pre-paid rent	25000	Bank overdraft	_
57000		7,000	
			-
357,000		357,000	

Required: Calculate

i) Working Capital (1 mark)

ii) Borrowed Capital (1 mark)

iii) Capital Employed (1 mark)

iv) Capital invested (1 mark)

19. State **four** levels of inflation.
(4marks)

a).....

b)
.....

c).....

d)
.....

20.The following statements relates to a description of a certain type of tax. Identify the tax and classify it as either direct or indirect tax.
(4 marks)

	Description	Tax	Classification
(a	A tax that is imposed on goods that are		

)	manufacture and sold within a country.		
(b)	Tax usually levied on profits of companies		
(c)	Tax levied on the value that a business adds to a product.		
(d)	Tax levied on personal wealth that goes beyond a certain limit.		

21.Record the following transactions in the relevant journals (4 marks)

2019

Feb 2: Bought goods on Credit worth shs6500 from Eldolink suppliers

Feb 8: Sold goods worth shs5000 on credit to Jamal.

Feb 12: Sold stock valued at shs8500 on credit to Musyoka

Feb 16: Bought goods worth shs3000 on credit from Jetlink traders

22. John and Peter bought a Nissan matatu worth sh. 3,000,000. John paid sh. 2,000,000 and Peter sh. 1,000,000. They insured the matatu for a comprehensive cover for shs 2,500,000. Later the matatu was involved in an accident to a loss of sh 1,500,000. How much were they compensated and give reasons in support of your answer? (4 marks)

23. Outline ***four*** reasons why subsistence production is discouraged in many countries.
(4 marks)

a).....

b)
.....

c).....

d)
.....

24. Highlight four features of an Oligopoly market structure.
(4 marks)

a).....

b)
.....

c).....

d)
.....

25. Describe the following terms of sale as used in international trade. (4 marks)

a)
LOCO.....

.....

b) Free Alongside Ship
.....

.....

c) Cost &
Freight.....

.....

d)
Franco.....

.....