

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:

- a) Write your name, class, index number, admission number, signature and date of the examination.
- b) Answer all questions in the spaces provided.
- c) The question paper has **9** printed pages. Please check to ensure all questions are printed and no question is missing.

1. Mention the **four** essential elements of transport (4mks)

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

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3. 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	

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

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

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6. 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				

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

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8. Define the following principles as used in insurance (4mks)
- a) Indemnity

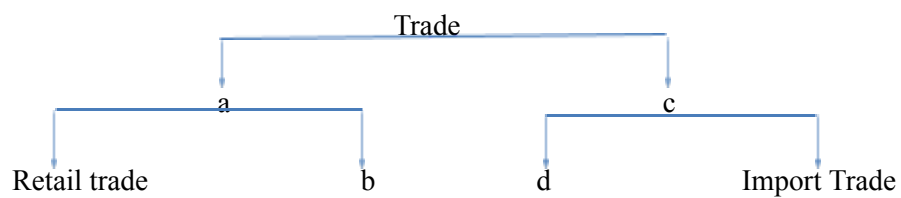
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b) Utmost good faith

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c) Subrogation

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d) Contribution

9. Complete the following diagram

(4mks)



- a.
- b.
- c.
- d.

10. Outline **four** importance of entrepreneurship in an economy.

(4mks)

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

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

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

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

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

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

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16. 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)

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

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

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19. 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;

a) Mark-up (2mks)

b) Rate of stock turn over (2mks)

20. Highlight **four** reasons why the government trains potential entrepreneurs. (4mks)

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21. 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

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

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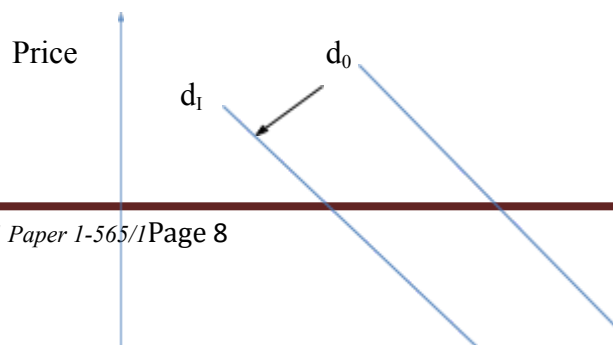
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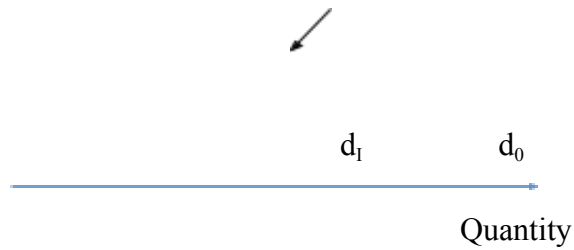
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23. Highlight **four** reasons for the shift below. (4mks)





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

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25. 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	

			<u>15,000</u>	65,000				<u>15,000</u>	65,000
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State the transaction that took place during the following dates: (4mks)

i. 1st June 2003.

ii. 7th June 2003.

iii. 10th June 2003.

iv. 15th June 2003