**MOKASA II JOINT EXAMINATION**

**Kenya Certificate of Secondary Education.**

**565/1 BUSINESS STUDIES Paper 1**

**July, 2024 – 2 hours**

**Name:** …………………………………………………… **Adm No.:** ……………… **Class** …………..

**Candidate’s Signature**: ………………………………... **Date**: ………………………………………

**Instructions to Candidates**

1. *Write your name and index number in the spaces provided above.*
2. *Sign and write the date of the examination in the spaces provided.*
3. *Answer* ***all*** *the questions.*
4. *All answers must be written in the spaces provided in this booklet.*
5. *Do not remove any pages from this booklet.*
6. ***This paper consists of 10 printed pages.***
7. ***Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.***

**For Teacher’s Use Only**

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| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25  **TOTAL**  **MARKS**  **M** |
|  |  |  |  |  |  |  |  |  |  |

1. Classify the following resources as either natural, man-made or human (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Resources** | **Classification** |
| a) | Carpenters |  |
| b) | Chapati |  |
| c) | Climate |  |
| d) | Tractor |  |

1. State **four** reasons for the privatization of state corporations. (4mks)

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1. The table below shows the price, quantities demanded and quantities supplied of a product in a market.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Month** | **July** | **August** | **September** | **October** | **November** | **December** |
| Price | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Quantity  Demanded | 18,500 | 21,030 | 24,200 | 26,600 | 29,020 | 32,300 |
| Quantity supplied | 21,700 | 23,000 | 27,100 | 31,500 | 34,800 | 38,710 |

Give **four** reasons for the change in quantities supplied from July to December. (4mks)

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1. Outline **four** uses of a General journal. (4mks)

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1. In the spaces below, indicate the type of utility created by each of the following commercial activities. (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Commercial activity** | **Type of utility** |
| a). | Buying bread from the canteen |  |
| b). | Distributing milk to customers |  |
| c). | Warehousing |  |
| d). | Grinding maize to flour |  |

1. Outline **four** ways in which mass media can protect consumers from exploitation. (4mks)

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1. Highlight **three** ways in which the producers may conserve the environment as they carry out their activities. (3mks)

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1. The following information relates to Koimur stores.

**Ksh.**

Fixed assets 681,500

Current Liabilities 99,700

Current Assets 286,650

Capital 468,450

Sales 920,000

Long term liabilities 400,000

Gross profit 120,000

**Calculate:**

a). Working capital (1mk)

b). Capital employed (1mk)

c). Mark up (2mks)

d). Margin (1mk)

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1. Outline **four** advantages of hire purchase terms of sale to a buyer. (4mks)

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1. Highlight **four** benefits of transport to a trader. (4mks)

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1. Outline **four** sources of monopoly power. (4mks)

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1. Give **four** features that a commodity must have to perform as money. (4mks)

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1. Outline **four** benefits to a producer who owns his own warehouse. (4mks)

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1. State **four** reasons why a producer would sell her products directly to consumers. (4mks)

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1. State **four** non tax sources of public finance. (4mks)

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1. Describe the meaning of the following insurance policies. (4mks)
2. Endowment policy

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b). Comprehensive motor policy

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

c). Constructive total loss policy

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d). Public liability policy

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

1. Identify the injections and withdrawals in the circular flow of income diagram below. (4mks)

A B

**FIRMS**

**HOUSEHOLD**

C D

1. ………………………………………………………………………………………
2. ………………………………………………………………………………………
3. ………………………………………………………………………………………
4. …………………………………………………………………………………………
5. The average consumer price of a loaf of bread for various years is shown below.

|  |  |  |
| --- | --- | --- |
| **Year** | **Consumer price (Ksh)** | **Consumer price index** |
| 2020 | 40 | 100 |
| 2021 | 50 |  |
| 2022 | 55 |  |
| 2023 | 60 |  |
| 2024 | 65 |  |

If the consumer price index for the year 2020 is 100%. Calculate the consumer price

index for using 2020 as the base year. (4mks)

1. Outline **four** reasons why producers need to observe ethics in product promotion. (4mks)

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1. Describe the following types of unemployment in an economy. (4mks)

a). Seasonal unemployment

………………………………………………………………………………………………………………………………………………………………………………………………b). Involuntary unemployment

………………………………………………………………………………………………………………………………………………………………………………………………c). Frictional unemployment

………………………………………………………………………………………………………………………………………………………………………………………………d). Voluntary unemployment

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1. From the table below, identify the term of sale described as used in international trade. (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Description** | **Term of sale** |
| a). | The price quoted includes all expenses incurred until the goods are delivered in the bonded warehouse. |  |
| b). | The exporter is willing to accept the quoted price or any other nearest to the quoted one. |  |
| c). | Price quoted includes transport expenses up to the docks as well as dock charges, loading onto the ship and any other expense are paid by the importer. |  |
| d). | Price quoted includes all expenses up to the port of destination as well as unloading charges. |  |

1. State the effect of the following transactions on the balance sheet totals by writing increase, decrease, or no effect in each case. (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Transactions** | **Effect** |
| a). | Purchased stock on credit sh. 10,000 |  |
| b). | Withdrew stock worth sh. 2,000 for family use. |  |
| c). | Paid a creditor sh. 7,000 by cheque |  |
| d). | Took a cooperative loan sh. 30,000 and deposited in bank account. |  |

1. Outline **four** benefits to a country that prepares development plans. (4mks)

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1. Outline **four** ways in which the technological environment may positively influence a business. (4mks)

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1. The following transactions took place in the business of Highlands’s retail shop in the month of June 2023.

June 1: Commenced business with Ksh. 120,000 in cash.

June 4: Transferred Ksh. 66,000 from business till to the bank.

June 13: Brought his private furniture worth Ksh. 15,000 in the business.

June 28: Borrowed a loan from ABC bank in cash Ksh. 40,000

**Required:** Open ledger accounts to record the above transactions. (4mks)

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