

KAPSABET HIGH SCHOOL

565/1 -

BUSINESS

- Paper 1



2 Hours



NAME.....ADM.....CLASS.....

2022 TRIAL 2 JULY INTERNAL EXAMINATION

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

INSTRUCTIONS TO CANDIDATES

Answer all the questions in the spaces provided.

This paper consists of 12 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing

FOR EXAMINER'S USE ONLY

Question No	1	2	3	4	5	6	7	8	9	10	11	12	13
Marks													
Question No	14	15	16	17	18	19	20	21	22	23	24	25	
Marks													

1. State the most appropriate document as used in home trade.

(4mks)

Circumstances	Document
a) A document that contains detailed information of a good stocked by a seller	
b) A document that shows that the amount owed have been reduced by a certain amount	
c) A document that contains all information on all transactions between a buyer and the seller for a certain period of time	
d) Shows that goods have been dispatched by a seller to the buyer.	

2. Highlight **four** reasons that compel an insurance company to re-insure.

(4mks)

- a) _____

- b) _____

- c) _____

- d) _____

3. The following items belong to Mlamba Wholesalers as at 31st Dec 2018

Motor vehicle	75,000
Stock	4,000
Overdraft	11,100
Creditors	5,740
Debtors	6,200
Commission paid	2,000
Cash	10,000
Returns Outwards	3,400
Returns Inwards	1,400
Capital	78,360

Required, draw Mlamba's trial balance as at 31st December 2018. (5mks)

4. The bodaboda motorcycles are very popular both in urban and rural environment. Highlight **four** disadvantages of this method of transport. (4mks)

a) _____

- b) _____

- c) _____

- d) _____

5. With an aid of a diagram, show what happens to the equilibrium price and quantity when demand increases and quantity supplied remains constant. (4mks)

6. Give **four** differences between shares and debentures (4mks)

Shares	Debentures
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a)	
b)	
c)	
d)	

7. National income under expenditure approach is arrived by adding together expenditure on all final goods and services in the economy. List down **four** components included in the expenditure approach. (4mks)

- a) _____

- b) _____

- c) _____

- d) _____

8. Kenya's young population has been rising rapidly, highlight **four** disadvantages of this increase. (4mks)

- a) _____

- b) _____

- c) _____

- d) _____

9. Given the following transactions of Mwaura's Retailers, identify the journals which the transactions will be recorded. (4mks)

- a) 1st Jan: Sold a motor car worth kshs.145, 000/- for kshs. 140,000/- to Mwazighe on credit. _____
- b) 2nd May: Cash received from Mwanzi of Kshs. 1,000 receipt no 001. _____
- c) 6th August: Goods bought on credit worth Kshs. 900 invoice No. 013 from Shah Traders. _____
- d) 4th February: Credit sales to Ndika Shs 400/- _____

10. County Government wants to increase taxes levied on parking. Highlight **four** principles that they should consider before taking this move. (4mks)

- a) _____

- b) _____

- c) _____

- d) _____

11. Highlight **four** methods government gets involved in business activities. (4mks)

- a) _____

- b) _____

- c) _____

d) _____

12. Highlight **four** costs that intermediaries relieves producers from in the process of distributing goods and services. (4mks)

a) _____

b) _____

c) _____

d) _____

13. Buketi provided us with the following information.

Sales	200,000
Mark up	$\frac{1}{4}$
Opening stock	30,000
Closing stock	25,000
Expenses	15,250

Calculate
a) Gross profit (1mk)

b) Net profit (1mk)

c) Rate of stock turnover

(2mks)

14. If you are asked to head a committee to buy some office equipment, suggest **four** factors that you would put into consideration. (4mks)

- a) _____

- b) _____

- c) _____

- d) _____

15. Highlight **four** reasons that would make a trader reject payment by cheque. (4mks)

- a) _____

- b) _____

- c) _____

- d) _____

16. State whether the following factors constitute internal or external environment to a business. (4mks)

Factor	Environment
a) Shareholders resolutions	
b) Firms physical infrastructure	
c) Currency exchange rate	
d) Cost of finance	

17. State **four** features of oligopoly market structure (4mks)

- a) _____

- b) _____

- c) _____

- d) _____

18. The following transactions relate to Kimau traders for the month of January, 2018

4th Jan: Deposited sh 70,000 into business bank account from cash till.

10th Jan: Paid the following bills by cheque:

Electricity sh 4,000

Insurance sh 2,000

20th Jan: Paid 10,000 by cheque for repairs

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

19. Company X intends to use personal selling as a method of product promotion. State **four** disadvantages of using this method. (4mks)

- a) _____

- b) _____

- c) _____

d) _____

20. The balance sheet of Peken Enterprises as at 31st March , 2017 showed an initial capital of sh 85,000. As at 31st March 2018, the following information about the business was provided.

- (i) Additional investment in the business was sh 30,000
 - (ii) Profit made during the trading period was sh 60,000
 - (iii) The proprietor made monthly drawings of sh 3,000 from 1st April 2017 to 31st December,2017
- Determine the final capital of Peken Entreprises. (4mks)

21. State any **four** reasons why many businesses shy away from using public warehouse. (4mks)

- a) _____

- b) _____

- c) _____

- d) _____

22. List **four** functions of central bank as a banker to government. (4mks)

- a) _____

- b) _____

- c) _____

- d) _____

23. Highlight **four** reasons why the government may encourage businesses to be located all over the country. (4mks)

- a) _____

- b) _____

- c) _____

- d) _____

24. Highlight **four** services that facilitates communication to take place in Kenya. (4mks)

- a) _____

- b) _____

- c) _____

- d) _____

25. Highlight **three** characteristics of human wants (3mks)

a) _____

b) _____

c) _____
