MASENO SCHOOL

Kenya Certificate of Secondary Education 2021

BUSINESS STUDIES – Paper 1

DEC. 2021 - 2 hours

THE MASENO SCHOOL MOCK

NAME…….....…… INDEX NO. ……..…….

INSTRUCTIONS TO CANDIDATES

- *Answer **all** the questions in the spaces provided.*

For Examiner's Use Only

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

Questions	15	16	17	18	19	20	21	22	23	24	25
Marks											

Total Marks

1. Outline four internal environment factors that may negatively influence the operations of a business. (4 marks)

   i)_____

   ii)_____

   iii)_____

   iv)_____

2. State the characteristic of human wants that match the descriptions given below: (4 marks)

Description	Characteristics
a)Satisfaction of one want automatically leads to creation of another	
b)Some human wants are experienced by all human beings	
c) Human wants can never be fully satisfied	
d) After some wants are satisfied, they recur	

3. Give for reasons why direct production is undesirable in a country. (4 marks)

   i)_____

   ii)_____

   iii)_____

   iv)_____

4. Highlight four reasons why the Kenyan government encourages entrepreneurship in the country. (4 marks)

   i)_____

   ii)_____

   iii)_____

   iv)_____

5. State four modern developments in office management. (4 marks)

   i)_____

   ii)_____

   iii)_____

   iv)_____

6. Give four differences between a Public Limited Company and a Public Corporation. (4 mks)

Public Limited Company	**Public Corporation**
i)	i)
ii)	ii)
iii)	iii)
iv)	iv)

7. Highlight four advantages of mail-order business. (4 marks)

   i)_____

   ii)_____

   iii)_____

   iv)_____

8. Give four reasons for the popularity of Mpesa as a means of payment in Kenya.(4 marks)

   i)_____

   ii)_____

   iii)_____

   iv)_____

9. The following balances were extracted from books Hussein trades on 30th October 2019.

Cash	20,000
Bank	160,000
Premises	200,000
Debtors	40,000
Creditors	95,000
2 years loan	258,000
Stock	210,000

   Prepare the balance sheet for Hussein Traders as at 30th October 2019. (5 mks)

10. State four reasons for government involvement in business activities. (4 marks)

i)_____

ii)_____

iii)_____

iv)_____

11. Outline four problems associated with boda boda (motor cycle) as a means of transport. (4 marks)

i)_____

ii)_____

iii)_____

iv)_____

12. For each of the statements below, state the appropriate term as used in insurance. (4 marks)

Statement	
a)Specified amount of money paid at regular intervals by the insured to the insurer for coverage against losses	
b)People employed by an insurance company to compute expected losses and value of premiums	
c)Amount of money refundable to the insured by the insurer in case the former terminates contract before it matures	
d) Loss incurred by a business as a result of disruption of business in the event of the insured risk occurring	

13. Highlight four problems that would be experienced by consumers in the absence of warehousing. (4 markS)

i)_____

ii)_____

iii)_____

iv)_____

14. State four benefits of advertising to a consumer. (4 marks)

i)_____

ii)_____

iii)_____

iv)_____

15. Identify the source documents used to record the following transactions in the books of original entry. (4 marks)

Transaction	**Source Document**
a) Credit purchases	
b) Sales returns	
c) Cash sales	

d) Cash purchases	

16. Outline four circumstances that may make a producer to bypass the wholesaler when distributing his goods. (4 marks)
    i)_____
    ii)_____
    iii)_____
    iv)_____

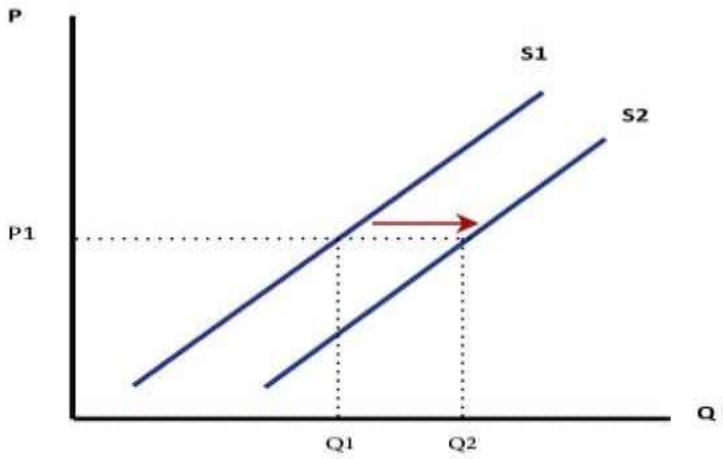
17. Highlight four external economies of scale that a firm may get as a result of growth in the industry. (4 marks)
    i)_____
    ii)_____
    iii)_____
    iv)_____

18. Highlight four characteristics of oligopoly market structure. (4 marks)
    i)_____
    ii)_____
    iii)_____
    iv)_____

19. State the type of unemployment relating to each of the following descriptions: (4 marks)
    a) Caused by alternating trading patterns occurring at similar times _____
    b) Arises where workers have more skills and higher qualifications than the job requirements _____
    c) Arises out of a mismatch between the skills possessed by potential employees and the location of the jobs available _____
    d) Arises when people are unwilling to take up jobs due to low pay _____

20. The diagram below shows a change in the supply of a product. Outline four factors which may have caused such a change. (4 marks)

Price



Quantity

i)_____
ii)_____
iii)_____
iv)_____

21. The following information relates to Jumbo Traders on 31/12/2020

Details	Shs
Capital (31/12/2020)	940,000
Net loss	20,000
Additional Investments	420,000
Monthly drawings	5,000

Determine the capital as at 1/01/2021 (3 marks)

22. Outline four roles played by the Nairobi Securities Exchange in the Kenyan economy. (4 marks)
i)_____
ii)_____
iii)_____
iv)_____

23. Listed below is a set of transaction. In each case state whether the transaction will increase, decrease or have no effect on capital. (4 marks)

	Transaction	**Effect**
a)	Additional cash invested by the owner	
b)	Receiving cash from a debtor	

c)	Losses incurred by a business	
d)	Owner takes some stock for own use	

24. Mention four disadvantages of an ageing population to a country. (4 marks)

i)_____

ii)_____

iii)_____

iv)_____

25. Given below is a cash book extract from the books of accounts of Patel Enterprises.

Dr Cr

Date	Details	F	Discount allowed	Cash	Bank	Date	Details	F	Discount received	Cash	Bank
2009						2009					
1/12	Bal b/d			1,500	90,000	14/12	Bank	C		30,000	
2/12	Rono		2,000	36,000		20/12	Equipment				80,000
14/12	Cash	C			30,000	30/12	Drawings			7,000	

In relation to the entries appearing in the cash book extract, state the transactions that took place on each of the following dates. (4 marks)

a) 2nd December 2009

b) 14th December 2009

c) 20th December 2009

d) 30th December 2009