

# BUTULA SUB-COUNTY JOINT EVALUATION - 2021

565/1  
BUSINESS STUDIES  
PAPER 1  
DECEMBER, 2021  
TIME: 2 HOURS

NAME..... INDEX NO.....  
SCHOOL ..... DATE.....  
CANDIDATE'S SIGNATURE.....

Kenya Certificate of Secondary Education  
BUSINESS STUDIES  
PAPER 1  
TIME: 2 HOURS.

## INSTRUCTIONS TO CANDIDATE'S

This paper consists of **25** questions.  
Answer **ALL** the questions in the spaces provided **below** each question.

### FOR EXAMINER'S USE ONLY:

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

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

TOTAL  
MARKS

--

1. State **four** reasons that would make an individual engage in business. (4mks)

.....

.....

.....

.....

.....

.....

.....

2. The following are some of the documents used in home trade: Cash sale slip, Catalogue, invoice and statement of account. Match each document with the appropriate description provided in the table below. (4mks)

Description	Document
a. Shows details of goods offered for sale.	
b. Give quantity, unit price and total amount to be paid.	
c. Show the transactions since the date of last statement.	
d. Shows description of goods bought, prices and total amount paid.	

3. State the best name that can be given to the following set of goods and services. (4mks)

SET	NAME
a. Tea and Coffee	.....
b. Education and Security	.....
c. Bus and Diesel	.....
d. Beer and Cigarette	.....

4. List any **four** sources of capital to public limited companies. (4mks)

.....

.....

.....

.....

.....

.....

.....

5. Outline **four** tools of monetary policy that a government of Kenya may use to reduce excess money in circulation. (4mks)

.....

.....

.....

.....

.....

.....

.....

.....

6. The balances given below relate to Enotika Traders for the year e. 31<sup>st</sup> December 2020.

	Shs
2 year bank loan	230,020
Creditors	95,200
Fixed assets	480,000
Current assets	145,220

Prepare a balance sheet as at 31st December 2020. (5mks)

7. State **four** complains that may be received from consumers by consumer association. (4mks)

.....

.....

.....

.....

.....

.....

.....

.....

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

.....

.....

.....

.....

.....

.....

.....

9. State **four** features of liners in sea transport. (4mks)

.....

.....

.....

.....

.....

.....

.....

10. Given the statements in the table below, indicate whether the entry made in the ledger account will be a debit or credit entry. (4mks)

Statement	Type of Entry
(i) An increase in revenue	
(ii) A decrease in an asset	
(iii) An increase in an expense	
(iv) A decrease in liability	

11. State **four** principles of insurance. (4mks)

.....

.....

.....

.....

.....

.....

.....

12. List **three** levels of inflation.

(3mks)

.....  
.....  
.....

13. State **four** channels of distribution that a trader can use to import Covid-19 PPEs from China to Kenya.

(4mks)

.....  
.....  
.....  
.....  
.....  
.....

14. Highlight **four** characteristics of a perfectly competitive market .

(4mks)

.....  
.....  
.....  
.....  
.....  
.....  
.....

15. Zawadi operates a hardware business in her home town. Outline **four** methods she can use to determine prices for her goods other than the forces of demand and supply.

(4mks)

.....  
.....  
.....  
.....

16. Identify the type of utility associated with each the following production activities.

(4mks)

**Production Activity**

- a. Distribution .....
- b. Warehousing .....
- c. Processing .....
- d. Selling .....

17. State **four** hindrances to entrepreneurial development in Kenya (4mks)

.....

.....

.....

.....

.....

.....

.....

18. State **four** ways in which a good filing system may facilitate the operations in an office. (4mks)

.....

.....

.....

.....

.....

.....

.....

19. State the book of original entry in which the information will be recorded. (4mks)

**Source of document**

**Book of original entry**

- |                           |       |
|---------------------------|-------|
| a. Received credit notes  | ..... |
| b. Cash receipts received | ..... |
| c. Received invoices      | ..... |
| d. Issued credit notes    | ..... |

20. Outline **four** reasons for the popularity of WhatsApp as a trend in communication. (4mks)

.....

.....

.....

.....

.....

.....

.....

21. Outline **four** conditions under which a warehouse may be considered to be operating efficiently. (4mks)

.....

.....

.....

.....

.....

.....

.....

22. Highlight **four** external factors that may negatively influence the operations of a business. (4mks)

.....

.....

.....

.....

.....

.....

.....

23. State **four** differences between goods and services. (4mks)

Goods	Services

24. The following information relates to Papap Enterprises.

	Kshs
Sales	200,000
Mark-up	$\frac{1}{4}$
Opening Stock	30,000
Closing Stock	25,000
Expenses	15,000

Calculate;

a) Gross profit 1mk

b) Net profit 1mk

c) Rate of stock turnover 2mks

25. Juma bought furniture worth sh.50,000 from Bumala Enterprises for which he paid sh. 30,000 in cash and the rest to be paid later. State **four** effects of the above transaction on the balance sheet items. (4mks)

.....

.....

.....

.....

.....

.....

.....

.....