**NAME………………………………………… INDEX NO. ………………………**

**SCHOOL ………………………………… SIGNATURE ………………………...**

**DATE ………………………...**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**JULY 2021**

**TIME: 2 HOURS**

**SUKELLEMO JOINT EVALUATION TEST**

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

## INSTRUCTIONS TO CANDIDATES

## Answer all the questions in the spaces provided.

This paper consists of 6 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** | **1** | **18** | **19** | **20** | **21** | **22** | **23** | **24** | **25** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Marks** |  |  |  |  |  |  |  |  |  |  |  |  |

**ANSWER ALL QUESTIONS**

1. Outline **four** importance of Business Studies in a society. (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

2. State four factors that determine the period for which documents should be stored (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

3. Highlight **four** reasons why a cheque may be dishonored (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

4. People hold money for various reasons. Identify the motive for holding money in each of the following cases. (4mks)

(a) To meet medical expenses \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(b) To pay for daily milk from their supplier \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(c) To meet daily transport expenses \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(d) To counteract future decreases in price \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5. Outline ***four***circumstances under which a credit note may be issued. (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

6. You have been charged with a duty of preparing an article of Association for your company; state **four** items that you will include in your article of Association (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

7. Describe **four** characteristics of debentures (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

8. Outline **four** factors that may account for predominant direct production in a country (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

9. State **four** ways in which a commercial attaches promotes trade. (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

10. List **four** essential elements of a transport system (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

11. Outline **four** ways of controlling demand pull inflation. (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

12. List **four** mailing services that facilitate communication. (4 mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

13. State any **four** uses of insurance funds. (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

14. Give **four** reasons why protectionism policy in foreign trade may fail (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

15. State **four** gaps that can be filled in the market through a business opportunity. (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

16. Highlight **three** differences between a movement along a demand curve and a shift in a demand curve. (3 mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

17. State **four** strategies that a small firm would adopt to expand its operations so as to enjoy

Economies of scale (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

18. State **four** sources of oligopoly power. (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

19. State **four** ways in which households contributes to national income of a country.

(4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

20. The following information shows the financial position of Mwalimu Traders as at

1st May, 2021.

Capital 130,000

Cash in hand 40,000

Rent owing 12,000

Furniture 110,000

Debtors 20,000

Stock 60,000

Trade creditors 38,000

Bank overdraft 50,000

Required: Prepare the trial balance for the business. (5mks)

21. State **four** errors that cannot be revealed by a trail balance. (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

23. List down **four** transactions that are likely to be recorded in the general journal. (4mks)

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………

24. Classify the following taxes as either direct or indirect. (4mks)

* Corporation tax-----------------
* Value added tax ----------------
* Income tax ----------------------
* Customs duty ------------------

25. State **four** reasons why a member country should remain a member of Economic Union.

i)……………………………………………………………………………………………………

ii)…………………………………………………………………………………………………..

iii)…………………………………………………………………………………….…………….

iv)…………………………………………………………………………………………..………