**565/1**

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

**SIGNATURE…………………………………………..……DATE……………………………..**

**KENYA CERTIFICATE OF SECONDARY EDUCATION**

**ELDORET DIOCESE EXAM 2021**

**BUSINESS STUDIES**

**Paper 1**

**TIME: 2 HOURS**

**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 above.*
3. *This paper consists of* ***25*** *questions.*
4. *Answer ALL questions in the spaces provided*
5. *This paper consists of* ***9****printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing*
6. *Candidates should answer the questions in* ***English***

***For Examiner’s Use Only***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Question**  | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| **Marks**  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Questions** | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| **Marks** |  |  |  |  |  |  |  |  |  |  |

 **TOTAL MARKS**

1. State four benefits of learning business studies to a Kenyan student (4mks)
2. ………………………………………………………………………………………
3. ………………………………………………………………………………………
4. ………………………………………………………………………………………
5. ………………………………………………………………………………………
6. Highlight **four** measures a business may take to ensure that its environment is conducive to its business activities (4mks)
7. ………………………………………………………………………………………
8. ………………………………………………………………………………………
9. ………………………………………………………………………………………
10. ………………………………………………………………………………………
11. State **four** factors to consider when evaluating a viable business opportunity (4mks)
12. ………………………………………………………………………………………
13. ………………………………………………………………………………………
14. ………………………………………………………………………………………
15. ………………………………………………………………………………………
16. Most organizations have come up with customer care desks. outline **three** functions that they play . (3mks)

i. ………………………………………………………………………………………

ii. ………………………………………………………………………………………

iii. ………………………………………………………………………………………

1. ……………………………………………………………………………………
2. Identify the documents that each of the following descriptions refer to (4mks)

|  |  |
| --- | --- |
| Description  | Document |
| 1. Used to inform buyer that seller has received the order
 |  |
| 1. Used to ask about the availability of goods.
 |  |
| 1. Used to organize for transportation of goods between seller and buyer
 |  |
| 1. Used to show goods sold on credit
 |  |

1. State four factors affecting the circular flow of income (4mks
2. ………………………………………………………………………………
3. ………………………………………………………………………………
4. ………………………………………………………………………………
5. ………………………………………………………………………………
6. The following balances were extracted from the books of WINNICO Limited on 31stDecember 2020.

|  |  |
| --- | --- |
| Item  | Ksh. |
| Capital  | 150,000 |
| Furniture  | 110,000 |
| Purchases  | 285,000 |
| Hawi (supplier) | 180,000 |
| Sales  | 230,000 |
| Wages paid | 41,000 |
| Return inwards | 5,000 |
| Return outwards | 15,000 |
| Cash  | 139,000 |
| Rent received  | 5,000 |

Prepare the trial balance of the business as of 31st December 2020 (5mks)

1. The information given below relates to Jomo Traders for the year ended 31stAugust 2021

Rate of stock turn over 3 times

Mark -up 20%

Opening stock ksh. 90,000

Closing stock ksh. 150,000

Required

1. Gross profit (2mks)

…………………………………………………………………………………………………………………………………………………………………………………………………………………………………….

1. Sales (2mks)

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

1. Highlight four features of services . (4mks)
2. ………………………………………………………………………………
3. ………………………………………………………………………………
4. ………………………………………………………………………………
5. ………………………………………………………………………………
6. State **four** causes of seasonal unemployment in Kenya (4mks)
7. ………………………………………………………………………………
8. ………………………………………………………………………………
9. ………………………………………………………………………………
10. ………………………………………………………………………………
11. Highlight **fou**r circumstances under which the capital of a business may change (4mks)
12. ………………………………………………………………………………
13. ………………………………………………………………………………
14. ………………………………………………………………………………
15. ………………………………………………………………………………
16. On 1 January 2006, Romano Traders started sh. 180,000 in cash and sh. 170,000 at bank. During the month, the following transactions took place:

2006

January 10 paid ABM Traders sh. 25,000 by cheque less sh. 1000 cash discount

 16 sold goods for sh. 14,000 cash.

 31 Banked all the cash except sh. 5,200

Enter the above transactions in the relevant cash book and balance it off. (4mks)

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

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

1. List **four** clauses of memorandum of association for joint stock companies (4mks)
2. ………………………………………………………………………………
3. ………………………………………………………………………………
4. ………………………………………………………………………………
5. ………………………………………………………………………………
6. State **fou**r causes of demand- pull inflation (4mks)
7. ………………………………………………………………………………
8. ………………………………………………………………………………
9. ………………………………………………………………………………
10. ………………………………………………………………………………
11. State **four** activities carried out in the process of distribution (4mks)
12. ………………………………………………………………………………
13. ………………………………………………………………………………
14. ………………………………………………………………………………
15. ………………………………………………………………………………
16. Outline **four** structural changes that may take place when a country is experiencing economic development (4mks)
17. ………………………………………………………………………………
18. ………………………………………………………………………………
19. ………………………………………………………………………………
20. ………………………………………………………………………………
21. State **four** reasons why it is suitable to locate a bonded warehouse at the point of entry of a country (4mks)
22. ………………………………………………………………………………
23. ………………………………………………………………………………
24. ………………………………………………………………………………
25. ………………………………………………………………………………
26. Highlight **four** reasons why business still use radios to promote their products despite other highly advanced media (4mks)
27. ………………………………………………………………………………
28. ………………………………………………………………………………
29. ………………………………………………………………………………
30. ………………………………………………………………………………
31. State **four** factors that may lead to an increase in market supply of a product (4mks)
32. ………………………………………………………………………………
33. ………………………………………………………………………………
34. ………………………………………………………………………………
35. ………………………………………………………………………………
36. State reward of each factor of production (4mks)
37. ………………………………………………………………………………
38. ………………………………………………………………………………
39. ………………………………………………………………………………
40. ………………………………………………………………………………
41. Highlight **four** methods used by a monopolistic firm to differentiate its products (4mks)
42. ………………………………………………………………………………
43. ………………………………………………………………………………
44. ………………………………………………………………………………
45. ………………………………………………………………………………
46. Juma wholesalers owned a motor vehicle at ksh. 2,000,000 which they comprehensively insured for ksh. 1,600,000. The vehicle was involved in an accident and written off. determine the amount of money Juma wholesalers should expect to get from their insurer

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

1. State four ways in which the government is involved in business activities. (4marks)
2. ………………………………………………………………………………
3. ………………………………………………………………………………
4. ………………………………………………………………………………
5. ………………………………………………………………………………
6. State **four** ways in which the nature of goods would influence the choice of transport

(4mks)

1. ………………………………………………………………………………
2. ………………………………………………………………………………
3. ………………………………………………………………………………
4. ………………………………………………………………………………
5. State **four** advantages of locating a firm near the source of raw materials (4mks)
6. ………………………………………………………………………………
7. ………………………………………………………………………………
8. ………………………………………………………………………………
9. ………………………………………………………………………………