**TRIAL EXAMINATIONS 2021**

**Kenya Certificate of Secondary Education (KCSE)**

**565/1 - BUSINESS STUDIES - Paper 1**

**(Theory)**

**Nov/Dec. 2021 – 2½ Hours**

**Name: ……………………..………..… Index No: ……….…...Stream …………..**

**Candidate’s** **Signature**: ..………….……….…. **Date**:……………………………..

**Instructions to Candidates**

1. *Write your name and index number in the spaces provided above*
2. *Sign and write the date of examination in the spaces provided above*
3. *Answer* ***all*** *the questions in the spaces provided*
4. *This paper contains* ***7*** *printed pages*
5. *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 Examiners’ Use Only**

|  |  |  |
| --- | --- | --- |
| **Questions** | **Maximum Score** | **Candidate’s Score** |
| **1 – 25** | **100** |  |

1. Define the following terms as used in Business Studies. (4 marks)
2. Economics.

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1. Commerce.

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1. Accounting.

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

1. Office practice.

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

1. State any **FOUR** characteristics of land that may differentiate it to any other factors of production. (4 marks)
2. ………………………………………………………………………………………………
3. ………………………………………………………………………………………………
4. ………………………………………………………………………………………………
5. ………………………………………………………………………………………………
6. Outline **FOUR** circumstances under which downward communication may be used in a firm. (4 marks)
7. ………………………………………………………………………………………………
8. ………………………………………………………………………………………………
9. ………………………………………………………………………………………………
10. ………………………………………………………………………………………………
11. State **THREE** circumstances under which firms would form a cartel. (3 marks)
12. ………………………………………………………………………………………………
13. ………………………………………………………………………………………………
14. ……………………………………………………………………………………................
15. State **FOUR** services offered by a commercial bank to its customers. (4 marks)
16. ……………………………………………………………………………………................
17. ………………………………………………………………………………………………
18. ………………………………………………………………………………………………
19. ………………………………………………………………………………………………
20. The following balances were extracted from the books of Mwalimu Traders as at 31st May 2021

Sh.

Current assets 220,000

Capital 325,000

Net profit 85,000

Creditors 98,200

Accrued expenses 11,800

Determine:

1. Working capital (2 marks)
2. Return on capital
3. Mwalimu Castro had a house valued at Sh. 1,000,000. He had insured the house against the risk of fire with **Company A** for Sh. 900,000, with **Company B** for Sh. 1,100,000 and with Company C for Sh. 1,000,000. Unfortunately the house was completely destroyed by fire. Calculate the amount of money paid by each company as compensation for the loss. (5 marks)
4. Highlight **FOUR** factors that may cause the supply curve to shift to the right. (4 marks)
5. ………………………………………………………………………………………………
6. ………………………………………………………………………………………………
7. ………………………………………………………………………………………………
8. ………………………………………………………………………………………………
9. Highlight **FOUR** benefits of personal selling to a trader. (4 marks)
10. …………………………………………………………………………................................
11. ………………………………………………………………………………………………
12. ………………………………………………………………………………………………
13. ………………………………………………………………………………………………
14. Indicate the type of journal in which each of the following transactions would be recorded. (4 marks)

|  |  |
| --- | --- |
| **Transaction.** | **Type of journal.** |
| a). Bought a computer on credit. |  |
| b). Returned goods previously bought on credit. |  |
| c). Sold goods on credit. |  |
| d). Bought shares in accompany. |  |

1. List any **FOUR** contents of a delivery note. (4 marks)
2. ………………………………………………………………………………………………
3. ………………………………………………………………………………………………
4. ………………………………………………………………………………………………
5. ………………………………………………………………………………………………
6. State **FOUR** adjustments in the capital of a business. (4 marks)
7. ………………………………………………………………………………………………
8. ………………………………………………………………………………………………
9. ………………………………………………………………………………………………
10. ………………………………………………………………………………………………
11. Outline one circumstance under which each of the following types of inflation may occur.

(4 marks)

1. Creeping inflation.

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

1. Hyperinflation.

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

1. The economy of a country X has grown at the rate of 10% per annum for the last two years however, the standard of living among the citizens has not changed. Outline FOUR reasons that may have contributed to this trend. (4 marks)
2. ………………………………………………………………………………………………
3. ………………………………………………………………………………………………
4. ………………………………………………………………………………………………
5. ………………………………………………………………………………………………
6. Give any **FOUR** circumstances under which insurers may not be compensated. (4 marks)
7. ………………………………………………………………………………………………
8. ………………………………………………………………………………………………
9. ………………………………………………………………………………………………
10. ………………………………………………………………………………………………
11. Outline **FOUR** duties of commercial attaches’ (4 marks)
12. ………………………………………………………………………………………………
13. ………………………………………………………………………………………………
14. ………………………………………………………………………………………………
15. ………………………………………………………………………………………………
16. List any **FOUR** sources of Public Finance. (4 marks)
17. ………………………………………………………………………………………………
18. ………………………………………………………………………………………………
19. ………………………………………………………………………………………………
20. ………………………………………………………………………………………………
21. The following balances were extracted from the books of Usenge Wholesalers for the month ended 31st August 2021.

Sh.

Sales 500,000

Purchases 320,000

Opening stock (1.08.2021) 80,000

Closing stock (31.08.2021) 40,000

Debtors 140,000

Creditors 90,000

Calculate (4 marks)

1. Margin.
2. Current ratio
3. Rate of stock turn over
4. The following is a format of the debit side of a three column cash book.

Dr.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date** |  | **V** | **W** | **X** | **Y** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

Name the columns **V**, **W**, **X** and **Y**. (4 marks)

1. **V** is ……………………………………………………………………………………………..
2. **W** is …………………………………………………………………………………………….
3. **X** is ……………………………………………………………………………………………..
4. **Y** is …………………………………………………………………………………………….
5. Nyaboke operates a shop in a farming area. State **FOUR** ways in which the farming community can benefit from the business activity. (4 marks)
6. ………………………………………………………………………………………………
7. ………………………………………………………………………………………………
8. ………………………………………………………………………………………………
9. ………………………………………………………………………………………………
10. In which ways can investor benefits from the stock exchange. (4 marks)
11. ………………………………………………………………………………………………
12. ………………………………………………………………………………………………
13. ………………………………………………………………………………………………
14. ………………………………………………………………………………………………
15. Outline **FOUR** benefits of intermediaries to the consumer in the chain of distribution. (4 marks)
16. ………………………………………………………………………………………………
17. ………………………………………………………………………………………………
18. ………………………………………………………………………………………………
19. ………………………………………………………………………………………………
20. Highlight **FOUR** circumstances under which business enterprises may choose to merge. (4 marks)
21. ………………………………………………………………………………………………….
22. ………………………………………………………………………………………………….
23. ………………………………………………………………………………………………….
24. ………………………………………………………………………………………………….
25. Give **FOUR** measures that a manager can take to improve the working environment in the office. (4 marks)
26. ………………………………………………………………………………………………….
27. …………………………………………………………………………………………………
28. ………………………………………………………………………………………………….
29. ………………………………………………………………………………………………….
30. The aggressive campaign for citizens to plan their families seems to be causing a decline in the country’s population growth. Outline **FOUR** possible effects of this. (4 marks)
31. …………………………………………………………………………………………...……..
32. ………………………………………………………………………………………….............
33. ………………………………………………………………………………………………….
34. ……………………………………………………….................................................................