



Galaxy Business
Studies Joint

Name:Index No:

School:Date:

Sign:

565/1
BUSINESS STUDIES
PAPER 1
FEBRUARY
TIME: 2 HOURS
FORM FOUR.

GALAXY BUSINESS STUDIES JOINT EVALUATION.

*Kenya Certificate of Secondary Education (K.C.S.E.)
TERM THREE 2021.*

Q	1	2	3	4	5	6	7	8	9	10	11	12
M												

13	14	15	16	17	18	19	20	21	22	23	24	25

TOTAL	
MARKS	

INSTRUCTIONS TO CANDIDATES:

- Enter your details in the space provided above.
- This paper consists of **TWENTY FIVE** questions
- Attempt all the questions.
- Write your answers in the spaces provided



1. Mr. Otieno has started a Kiosk in Nyeri Town. Outline **four** functions that he will perform as the owner of the business. (4mks)

- a)
- b)
- c)
- d)

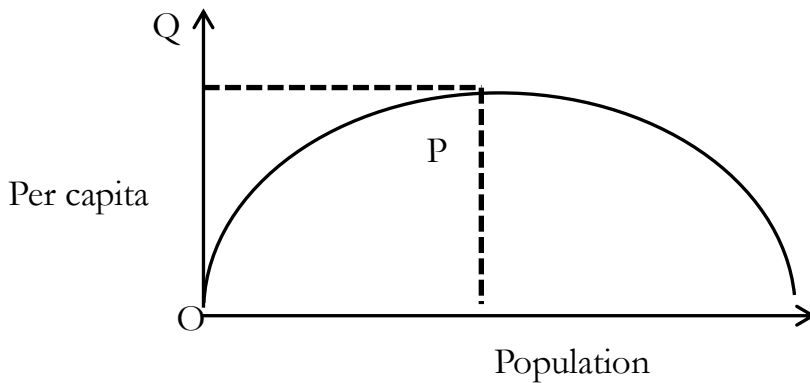
2. Highlight **four** disadvantages of using machines in an office. (4mks)

- a)
- b)
- c)
- d)

3. State any **four** unethical practices in product promotion (4mks)

- (a)
- (b)
- (c)
- (d)

4. The diagram below illustrates the concept of optimum population (4mks)





From the above diagram, highlight what optimum population depicts

- i.
- ii.
- iii.
- iv.

5. State whether the following transactions will have an increase, decrease or no effect on the balance sheet total (4marks)

Transaction	Effect
Withdrew stock for personal use	
Paid a creditor by cheque	
A debtor paid by cheque	
Bought furniture on credit	

6. Identify the type of document described below (4 marks)
- a) Show from which country goods are coming from
 - b) Written by an exporter authorizing his bank to sell goods on his belief
 - c) Allow importer to get goods on credit and cannot be changed the importer without exporters permission
 - d) Document shows that prices charged on the goods are fair as certified by the importing country's officials.....
7. Oyugi, a retailer had a capital balance of sh. 320,000 as at 30th June, 2018. During the year ended 30th June 2019, the business made a net profit of sh.80, 000. The proprietor made drawings of 4,000 each month for his personal use. Compute the business capital as at 30th June2019. (4mks)



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8. Give **four** differences between a public limited company and private limited company. (4mks)

Private company	Public company

9. Highlight any **four** advantages of shopping malls to consumers (4marks)

- i.
- ii.
- iii.
- iv.

10. List **four** factors that may necessitate re-insurance (4 marks)

- i.
- ii.
- iii.
- iv.

11. Name any **four** transactions that are passed through the general journal

- a)
- b)
- c)
- d)



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12 Outline three causes of cost push inflation.

(3 marks)

- a.
- b.
- c.

13. State four circumstances under which hire purchase may be used to acquire goods.(4mrks)

- a.
- b.
- c.
- d.

14. Lupita sells all her goods at 25% above costs. His books gave the following information as at 31st December 2020.

Stock 1 st January 2020	Shs.98,720
Stock 31 st December 2020	Shs.126,000
Sales for the year	Shs.600,000

Calculate the profit made by Lupita;

(4 marks)



15. Indicate whether the following taxes are direct or indirect.

(4 marks)

	Tax	Type of tax
(a)	Corporation tax	
(b)	Value added tax (VAT)	
(c)	Capital gains tax	
(d)	Excise	

16. Highlight four benefits of warehousing to a trader (4 marks)

- (i)
- (ii)
- (iii).....
- (iv).....

17 Globalization is a term often used to denote business ownership and trend. Outline four merits of globalization of business units. (4 marks)

- a.
- b.
- c.
- d.

18. The following assets and liabilities belong to Jacky's stores as at 31stMarch 2015. Buildings Shs.200,000, debtors Shs.8,000, creditors Shs.32,000, stock Shs.24,000, cash at bank Shs.120,000, cash in hand Shs.40,000, loan from HFCK Shs.100,000 and capital Shs.260,000.

During the month of April 2015, the following transactions took place.

- April 1 Sold goods worth Shs.2, 100 cash.
- 2 Paid creditors Shs.8,000 cash.
- 10 Received Shs.2,000 from debtors in cash.
- 15 Bought a motor van Shs.350,000 paying by cheque.



Required:

Prepare a balance sheet as at 15th April 2015.

(5 marks)

19. Outline four circumstances under which the per capita income statistics would be a good indicator of the welfare of the country.

- I.
- II.
- III.
- IV.

20. Identify four factors that can shift demand curve of sugar to the right

- i.
- ii.
- iii.
- iv.



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21. State four goals of development in a country.

- (a).....
- (b).....
- (c).....
- (d).....

22. Highlight four disadvantages to the manufacturer if wholesalers are eliminated from the chain of distribution. (4 marks)

- i.
- ii.
- iii.
- iv.

23. Imagine you are the governor of the central bank and the circulation of currency in the country need to be controlled. Identify any four monetary tools that you will use.

- (a).....
- (b).....
- (c).....
- (d).....

24. List four benefits of an effective transport system to an economy.(4mks)

- a.
- b.
- c.
- d.

25. State four sources of monopoly power

- i.
- ii.
- iii.
- iv.