

**THE KENYA NATIONAL EXAMINATIONS COUNCIL**  
**Kenya Certificate of Secondary Education**



**565/1**

**BUSINESS STUDIES**

**Nov. 2023 - 2 hours**

**Paper 1**

Serial No.  
26496642

**Name:** ..... **Index Number:** .....

**Candidate's signature:** ..... **Date:** .....

**Instructions to Candidates**

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of examination in the spaces provided above.
- (c) Answer **all** the questions in the spaces provided in the question paper.
- (d) Non-programmable silent electronic calculators may be used.
- (e) **This paper consists of 11 printed pages.**
- (f) **Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**
- (g) **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
Marks													

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

TOTAL MARKS	
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1 Highlight **four** benefits of continual road construction in Kenya. (4 marks)

(a) .....

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(b) .....

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(c) .....

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(d) .....

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2 List **four** office equipment used in finance department. (4 marks)

(a) .....

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(b) .....

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(c) .....

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(d) .....

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3 State **four** factors that may lead to increased demand for a product. (4 marks)

(a) .....

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(b) .....

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(c) .....

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(d) .....

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4 State **four** features that enable a warehouse to function effectively. (4 marks)

(a) .....

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(b) .....

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(c) .....

.....

(d) .....

.....

5 Outline **four** circumstances under which a company would use personal selling to market its product. (4 marks)

(a) .....

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(b) .....

.....

(c) .....

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(d) .....

.....

6 Highlight **four** advantages of using M-banking. (4 marks)

(a) .....

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(b) .....

.....

(c) .....

.....

(d) .....

.....

- 7 The following information was obtained from Mogadishu Traders for the year ended 31<sup>st</sup> December 2022.

Details	KShs.
Opening stock	40,000
Purchases	400,000
Gross profit	100,000



Goods were sold at a mark-up of 25%.

Required: Calculate

(a) sales for the year.

(2 marks)

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(b) rate of stock turnover.

(2 marks)

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8 Outline **four** circumstances under which a country may control imports. (4 marks)

(a) .....

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(b) .....

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(c) .....

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(d) .....

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9 Highlight **four** limitations of radio calls as a means of communication. (4 marks)

(a) .....

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(b) .....

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(c) .....

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(d) .....

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10 State **four** circumstances that may lead to the dissolution of a company. (4 marks)

(a) .....

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(b) .....

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(c) .....

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(d) .....

.....

- 11** Highlight three differences between movement along the demand curve and a shift of the demand curve. (3 marks)

(a) .....

.....

(b) .....

.....

(c) .....

.....

- 12** The following information was obtained from the books of John Enterprises on 31/12/2022.

Purchases	KShs. 110,000
Stock 1/1/2022	KShs. 50,000
Purchases returns	KShs. 8,000
Stock 31/12/2022	KShs. 32,000
Sales Returns	KShs. 5,000
Mark-up %	25%



- Required:** Prepare John Enterprises Trading Account for the period ending 31<sup>st</sup> December, 2022. (5 marks)
- .....
- .....
- .....
- .....
- .....
- .....

**13** State **four** characteristics of a monopoly. (4 marks)

(a) .....

(b) .....

(c) .....

(d) .....

**14** Explain the meaning of the following concepts as used in business: (3 marks)

(a) Scarcity.....

.....

(b) Choice .....

.....

(c) Opportunity cost.....

.....

**15** Highlight **four** reasons that may lead to privatization of government owned firms. (4 marks)

(a) .....

.....

(b) .....

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(c) .....

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(d) .....

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**16** Name the business document to which each of the following statements relate: (5 marks)

No	Statement	Document
(a)	It shows details of transactions between seller and buyer.	
(b)	It is used to correct undercharge in an invoice.	
(c)	It informs the buyer when the goods were dispatched.	
(d)	A request by seller for payment in advance.	
(e)	It is issued by the seller to a buyer for cash payments.	

**17** Outline how each of the following types of utility are created in production: (4 marks)

(a) Place utility.....  
.....

(b) Form utility.....  
.....

(c) Possession utility.....  
.....

(d) Time utility.....  
.....

**18** State four factors that may influence the level of National Income. (4 marks)

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

**19** Highlight **four** demerits of external borrowing. (4 marks)

(a) .....

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(b) .....

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(c) .....

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(d) .....

.....

**20** State **three** uses of a letter of inquiry. (3 marks)

(a) .....

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(b) .....

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(c) .....

.....

**21** Highlight **four** reasons that may make a company prepare a business plan. (4 marks)

(a) .....

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(b) .....

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(c) .....

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(d) .....

.....



- 22** Outline four methods used by the government to protect consumers from exploitation. (4 marks)

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

- 23** The following transactions relate to Kamili Traders for the month of December 2022.

<b>December 2022</b>	
2 <sup>nd</sup>	Cash sales KShs. 30,000
8 <sup>th</sup>	Banked KShs. 15,000
10 <sup>th</sup>	Withdrew KShs. 10,000 from the bank for office use.
13 <sup>th</sup>	Paid wages in cash KShs. 6,000

Prepare a double column cash book.

(5 marks)

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24 State four factors to consider when choosing the location of a business. (4 marks)

(a) .....



(b) .....

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(c) .....

.....

(d) .....

.....

25 Outline four benefits that a country may derive from delocalization of firms. (4 marks)

(a) .....

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(b) .....

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(c) .....

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(d) .....

.....

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**THE KENYA NATIONAL EXAMINATIONS COUNCIL**  
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**565/2**

# **BUSINESS STUDIES**

**Nov. 2023 - 2 ½ hours**

**Paper 2**

Serial No.

**28050515**

Name: ..... Index Number: .....

Candidate's signature: ..... Date: .....

### **Instructions to Candidates**

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) This paper consists of **six** questions.
- (d) Answer any **five** questions in the spaces provided after question 6.
- (e) All questions carry equal marks.
- (f) **Non-programmable** silent electronic calculators may be used.
- (g) **This paper consists of 16 printed pages.**
- (h) **Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**
- (i) **Candidates should answer the questions in English.**



### **For Examiner's Use Only**

Question	Maximum Score	Candidate's Score
	<b>20</b>	
<b>Total Score</b>	<b>100</b>	



- 1** (a) Explain **five** advantages that may arise from overpopulation in a country. (10 marks)
- (b) Discuss **five** reasons for the growth of Savings and Credit Cooperative Societies (SACCOs) in Kenya. (10 marks)
- 2** (a) Explain **five** factors that may influence a business to make payments by use of a cheque. (10 marks)
- (b) The following balance sheet was prepared by the accounts clerk of Ufanisi Traders:

Ufanisi Traders  
Balance Sheet  
As at 31/12/2022

Details	sh.		sh.
Land and Buildings	770,000	Capital	900,000
Motor vehicles	600,000	Add: Net Profit	<u>282,000</u>
Furniture	100,000		1,182,000
Stock	90,000	Bank loan	400,000
Stationery	12,000	Creditors	47,000
Debtors	58,000	Salaries owing	21,000
Cash	<u>20,000</u>		
	<u>1,650,000</u>		<u>1,650,000</u>

**Calculate the following:**

- (i) Working Capital; (3 marks)
  - (ii) Return on Capital; (2 marks)
  - (iii) Current Ratio; (2 marks)
  - (iv) Capital Employed; (2 marks)
  - (v) Borrowed Capital. (1 mark)
- 3** (a) Explain **five** factors that could lead to an increase in supply of potatoes in the market. (10 marks)
- (b) Explain **five** ways in which transport contributes to the economic development of a country. (10 marks)
- 4** (a) Explain **five** ways in which insurance companies promote the development of the Kenyan economy. (10 marks)
- (b) Explain **five** monetary policies used by the Central Bank of Kenya to control money in circulation. (10 marks)

- 5 (a) The following is the Trial Balance of Jethan Traders as at 1<sup>st</sup> July 2022:

Items	Dr. (sh.)	Cr. (sh.)
Stock	75,500	
Creditors		450,400
Debtors	350,000	
Bank	260,400	
Fixed Assets	970,200	
Cash in Hand	120,500	
Capital		1,300,000
Lighting due		<u>26,200</u>
	<u>1,776,600</u>	<u>1,776,600</u>



During the month, the following transactions took place:

- July 5<sup>th</sup>: Paid creditors sh. 228,000 by cheque in full settlement of a debt after deducting 5% cash discount.
- July 15<sup>th</sup>: Withdrew sh. 100,000 from the bank account for office use.
- July 29<sup>th</sup>: Received sh. 160,000 cash from a debtor after allowing cash discount of sh. 40,000.

**Required:** Record the above transactions in the relevant ledger accounts and balance them off.

(10 marks)

- (b) Explain **five** benefits of international trade. (10 marks)
- 6 (a) Discuss **five** factors to be considered when choosing a channel of distributing dry maize. (10 marks)
- (b) Explain **five** merits of preparing a journal in a business. (10 marks)