

THE KENYA NATIONAL EXAMINATIONS COUNCIL
Kenya Certificate of Secondary Education

565/1

Paper 1

BUSINESS STUDIES

Mar. 2022 – 2 hours



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 12 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
Score													

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

**TOTAL
SCORE**

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1. State **four** characteristics of a successful entrepreneur. (4 marks)
- (i)
- (ii)
- (iii)
- (iv)
2. List **four** types of business activities. (4 marks)
- (i)
-
- (ii)
-
- (iii)
-
- (iv)
-
3. Outline **four** challenges that may be faced in the satisfaction of human wants. (4 marks)
- (i)
-
- (ii)
-
- (iii)
-
- (iv)
-

4. Match **four** factors of production with their corresponding rewards. (4 marks)

(i)

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(ii)

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(iii)

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(iv)

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5. Highlight **four** factors that may be considered when choosing a means for transporting cash. (4 marks)

(i)

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(ii)

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(iii)

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(iv)

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6. State **four** ways in which the government may be involved in business. (4 marks)

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(i)

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(ii)

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(iii)

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(iv)

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7. Outline **four** benefits of a partnership. (4 marks)

0211

(i)

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(ii)

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(iii)

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(iv)

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8. List four mailing services that facilitate communication.

(4 marks)

(i)

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(ii)

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(iii)

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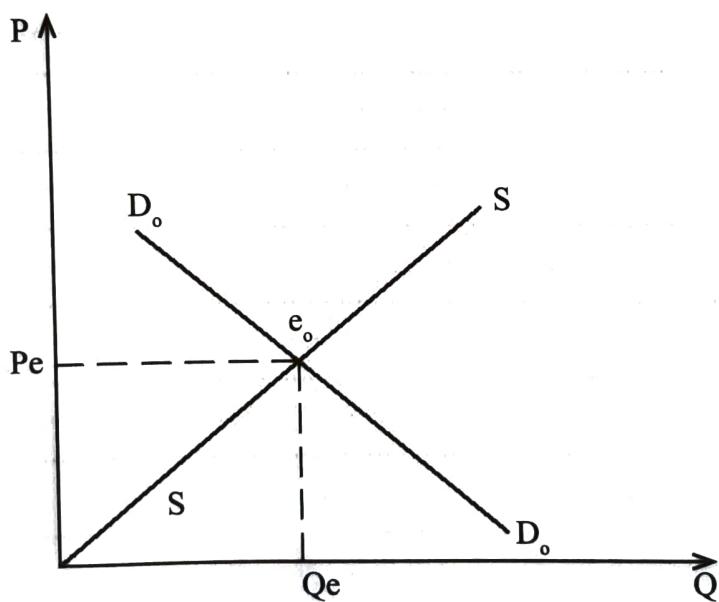
(iv)

.....

9. On the diagram below, show the effects of increased demand.

(4 marks)

0211



10. Outline **four** factors that may influence a firm's decision on the type of goods to produce. 1
(4 marks)

(i)

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(ii)

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(iii)

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(iv)

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11. Highlight **four** benefits of localisation of firms. (4 marks)

(i)

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(ii)

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(iii)

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(iv)

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12. Write the bookkeeping equation for the business whose transactions are given below. (4 marks)

- Started a business with Ksh 10,000 in cash.
 - Acquired a loan of Ksh 50,000 which was directly banked.
-
.....
.....
.....

13. Outline **four** channels for distributing locally manufactured products to local consumers.
(4 marks)

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

14. Outline **four** limitations of barter trade. (4 marks)

(i)

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(ii)

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(iii)

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(iv)

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15. State **four** features of an efficient tax system. (4 marks)

(i)

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(ii)

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(iii)

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(iv)

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16. Identify the book of original entry prepared from each of the following source documents:
(4 marks)

	Source Document	Book of original entry
(a)	Outgoing invoice.	
(b)	Received receipt.	
(c)	Copy of credit note.	
(d)	Original invoice.	

17. List **four** types of capital in a business. (4 marks)

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



18. Record each of the following transactions into their relevant ledger accounts. (4 marks)

- 2nd March 2021; started a business with Ksh 10,000 in cash.
- 3rd March 2021; Bought goods worth Ksh 12,000 on credit from Mawa Enterprises.

Dr	Cr	Dr	Cr

Dr	Cr	Dr	Cr

19. Outline **four** reasons that would make an organisation prefer a landscape office over enclosed office layout. (4 marks)

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

20. The following information was extracted from the books of Adow Traders on 31st December, 2020. (4 marks)

<u>Details</u>	<u>Ksh</u>
5 year loan	256,700
land	120,000
cash	24,600
Creditors	37,400
buildings	430,500

Prepare Adow Traders Balance Sheet as at 31st December, 2021.

21. Jane decided to take an insurance cover for her car against theft from Serufi Insurance Ltd. It was valued at Ksh 600,000 and she was required to make monthly payments of Ksh 6,000. Identify the appropriate insurance term for: (4 marks)

- (a) Ksh 600,000
- (b) Jane
- (c) Serufi Insurance Ltd
- (e) Theft

22. Outline **four** difficulties that a country with a young population may experience. (4 marks)

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

23. Identify the retailers described in the statements given below. (4 marks)

	STATEMENTS	RETAILERS
(a)	Sells goods by displaying them along the streets	
(b)	Moves from one place to another on foot selling their goods	
(c)	Dispenses goods with the use of coin operated machines	
(d)	Meet on designated days in open grounds to sell their goods	

24. Highlight **four** benefits of inflation to an economy. (4 marks)

(i)

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(ii)

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(iii)

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(iv)

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25. Outline **four** benefits enjoyed by countries that participate in international trade. (4 marks)

(i)

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(ii)

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(iii)

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(iv)

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Paper 2

BUSINESS STUDIES

Mar. 2022 – 2½ hours



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.

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Question	Maximum Score	Candidate's Score
	20	
	20	
	20	
	20	
	20	
Total Score		

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1. (a) Explain **five** circumstances under which a producer may sell goods directly to the consumer. (10 marks)
- (b) Explain each of the following terms of sale as used in international trade: (10 marks)
 - (i) Ex-works
 - (ii) Cost and Freight
 - (iii) FOB
 - (iv) Landed
 - (v) In Bond
2. (a) Explain **five** factors that may discourage entrepreneurship in Kenya. (10 marks)
- (b) Explain **five** demerits of indirect taxes. (10 marks)
3. (a) Explain **five** errors that may **not** be detected in a trial balance. (10 marks)
- (b) Explain **five** documents prepared by the seller after receiving an order up to the point of delivery. (10 marks)

4. (a) Explain **five** reasons that may make a firm operate on a small scale. (10 marks)
- (b) The following information was extracted from the books of Ushirika Traders as at 31st December 2020.

Details	Ksh
Gross profit	94,000
Commission Received	32,000
Carriage Outwards	8,000
General Expenses	15,000
Discount Received	29,000
Total Fixed Assets	1,110,000
Insurance	17,000
Capital	490,000
Drawings	37,000
Long Term Liabilities	610,000
Discount Allowed	12,000
Commission Allowed	4,000
Current Liabilities	162,000
Current Assets	192,000
Salaries	22,000

- (i) Prepare a Profit and Loss Account. (6 marks)
- (ii) Determine:
- I. Working capital (1 mark)
 - II. Return on Capital Employed. (3 marks)
5. (a) Explain **five** reasons that make it necessary for the Government to train business people. (10 marks)
- (b) Explain **five** problems that the Kenyan Government may experience when implementing the Vision 2030. (10 marks)

6. (a) Explain **five** advantages of written communication. (10 marks)
- (b) Use the transaction given below to prepare Patel Traders Two Column Cash Book for the month of February 2020. (10 marks)

1st Feb. : Had Ksh 1,200 cash in hand and a bank overdraft of Ksh 1000
 2nd Feb. : Used cash to pay water bill Ksh 200, electricity Ksh 100 and wages Ksh 400
 3rd Feb. : Received a cheque of Ksh 14,000 from Daisy.
 5th Feb. : Sold goods worth Ksh 7,000 in cash.
 7th Feb. : Paid for goods bought for resale worth Ksh 5,000 by cheque.
 9th Feb. : Received a cheque of Ksh 10,000 from the Cooperative Society as earning from dividends.
 10th Feb.: Withdrew Ksh 2,000 from the bank for family use.
 13th Feb.: Received a cheque of Ksh 10,000 from Petro.
 15th Feb.: Deposited Ksh 1,000 from the office into the business bank account.
 17th Feb.: Paid Manu by cheque Ksh 1,000
 27th Feb.: Used the money in the bank to purchase furniture leaving only a balance of Ksh 2,000

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