

THE KENYA NATIONAL EXAMINATIONS COUNCIL
Kenya Certificate of Secondary Education

565/1

– **BUSINESS STUDIES** – **Paper 1**



Apr. 2021 – 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**



1. List **four** external environmental factors that may influence the operations of a business. (4 marks)

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

2. State **four** characteristics of direct production. (4 marks)

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

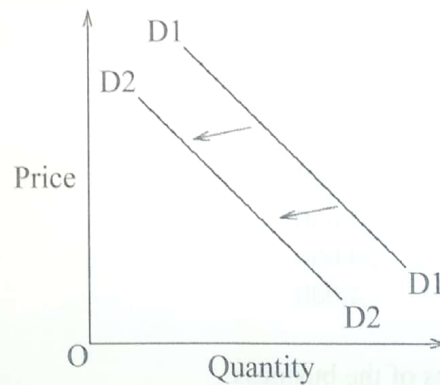
3. Name the document described in each of the following statements: (4 marks)

- (a) Used to demand for payment before goods are delivered.
.....
- (b) Used as a reply to a specific letter of inquiry.
.....
- (c) Informs the buyer that goods ordered for have been dispatched.
.....
- (d) Used to correct an overcharge.
.....

4. Highlight **four** reasons for government involvement in business. (4 marks)

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

5. State **four** factors that may lead to a shift in demand as shown in the diagram below. (4 marks)



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

6. Outline **four** circumstances under which a trader would prefer to transport goods by air. (4 marks)

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

7. The following information was obtained from the books of Sindo Limited on 31 December 2015:

<u>Details</u>	<u>Ksh</u>
Capital	24,000
Stock	1,500
Debtors	2,000
Machinery	20,000
Cash	4,000

Determine the total liabilities of the business.

(3 marks)

.....

.....

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.....

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.....



8. Highlight **four** services that commercial banks offer to their customers. (4 marks)

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

9. Outline **four** reasons that may make Kenya restrict trade with other countries. (4 marks)

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

10. Classify the following resources as natural, man-made or human: (4 marks)

	Resource	Classification
(a)	Architect	
(b)	Boat	
(c)	Soda ash	
(d)	Driver	



11. List **four** sources of capital that may be available to a sole proprietorship. (4 marks)

(a)

(b)

(c)

(d)

12. Highlight **four** circumstances under which a firm may be located near the source of raw materials. (4 marks)

(a)

(b)

(c)

(d)

13. The following information was extracted from the books of Kombo Traders on 30 April 2018:

Details	Ksh
Land and buildings	150,000
Creditors	1,500
Motor car	120,000
Cash	25,500
Capital	311,000
Bank	4,000
Sales	5,000
Purchases	18,000

Required

Prepare Kombo Traders Trial Balance.

(5 marks)

Experiment	Description
	(a) Used to make bridge groupings within an enterprise.
	(b) Used to make confidential documents and e-mails links.
	(c) Used to record and store information for audio tapes.

14. Outline **four** reasons that would make an entrepreneur prepare a business plan. (4 marks)

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

15. Identify the office equipment described in each of the statements below: (4 marks)

	Description	Equipment
(a)	Used to make postage stamp impressions on envelopes	
(b)	Used to transmit verbal messages	
(c)	Used to store confidential documents and valuable items	
(d)	Used to record and store information in audio tapes	

16. State **four** sources of government revenue. (4 marks)

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

17. Outline **four** measures which may be taken by a government to address the problem of underdevelopment. (4 marks)

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

18. Highlight **four** benefits of personal selling to a trader. (4 marks)

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

(a)	Sales Return Journal
(b)	Purchase Journal
(c)	Cash Receipts Journal
(d)	Sales Journal

19. Outline **four** channels that may be used for distributing imported goods. (4 marks)

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

20. State **four** merits of a bonded warehouse to the government. (4 marks)

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

21. Identify the source documents from which the information posted in the following journals would be extracted: (4 marks)

	Journal	Source Document
(a)	Sales Returns Journal	
(b)	Purchases Journal	
(c)	Cash Receipts Journal	
(d)	Sales Journal	

22. State **four** ways through which leakages of national income may happen in a four-sector economy. (4 marks)

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

23. State **four** benefits of using computers in an office. (4 marks)

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

24. Identify the factor of production that relates to each of the following resources: (4 marks)

	Resource	Factor of Production
(a)	Supervision	
(b)	Tractor	
(c)	Trees	
(d)	Owner	

25. List **four** sources of business ideas.

(4 marks)

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

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Resource	Factor of Production
(a) Supervision	
(b) Factor	
(c) Land	
(d) Labour	