

# THE ROYAL EXAM SERIES

Kenya Certificate of Secondary Education

565/1 — BUSINESS STUDIES — Paper 1



FORM 4



TERM 2

DECEMBER 2021- 2 HOURS

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

School .....

Candidate's Signature..... Date.....

### Instructions:

*Answer all questions in the spaces provided.*

*This paper has 7 printed pages*

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16	17	18	19	20	21	22	23	24	25

**TOTAL**

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1. Highlight the importance of a business to a country. (4mks)
  
2. State four characteristics of labour as a factor of production. (4mks)
  
3. Outline four factors to be considered when choosing a method of reproducing documents in an office. (4mks)
  
4. Highlight four disadvantages of a long chain of distribution. (4mks)
  
5. Give four reasons why a company would continue advertising its products which are already existing in the market. (4mks)
  
6. State four differences between departmental store and a chain store. (4mks)

7. Highlight four features of bonded warehouses. (4mks)

8. Outline four advantages of savings and credit co-operative societies (SACCOs) to the borrower. (4mks)

9. Outline four features of an Oligopolistic market structure. (4mks)

10. Identify the terms described by the following statements in business studies. (4mks)

Statement	Term
a) Study of all activities carried out in an office	
b) Activities involved in movement of goods from the producer to consumer	
c) Systematic way of recording business transactions, analysis and interpretation of records for decision making	
d) Using of goods and services to satisfy human wants.	

11. Highlight four measures taken by the Kenyan government to reduce mortality rate. (4mks)



12. Outline four ways in which the utility of a commodity may be increased.

(4mks)

13. State four after-sales services that may be offered by the business to the customer. (4mks)

14. The following information relates to Embu supplies Limited for the year ended 31<sup>st</sup> December, 2018.

Capital (1.1.2019)	210,000
Drawings	52,000
Additional investment	130,000
Profit	90,000

Calculate Embu Supplies Limited capital as at 31<sup>st</sup> January 2019.

15. Outline **four** methods used to determine price for his goods other than forces of demand and supply. (Price Mechanism) (4mks)

16. List four essential services provided by the county government to the public. (4mks)

17. State four benefits of locating a firm near a well developed transport and communication network (4mks)

18. State any four benefits to a business that uses E-Commerce . (4mks)

19. Give four circumstances under which an insurance company may refuse to compensate. (4mks)

20. It has been observed that most developing countries their biggest proportion of population is made up of people below the age of 18years. Outline four challenges such countries are likely to experience. (4mks)

21. In the absence of a partnership deed, partners will have to adopt to the provision of the partnership Act of 1963. State the provisions of the following clauses. (4mks)

Clause	Provision
a) Capital contribution	
b) Sharing of a profit	
c) Salary to partners	
d) Interest on drawings	

22. Name the ledgers where the following account should be recorded. (4mks)

Account	Ledger
(i) Creditors	.....
(ii) Land	.....
(iii) Insurance	.....
(iv) Stock	.....

23. Outline four elements that constitute demographic environments. (4mks)

24. The following balances were extracted from the books of Kindaruma traders on 31<sup>st</sup> July, 2018.

Items	Shs
Capital	500,000
Cash in hand	20,000
Buildings	200,000
Furniture	25,000
Motor vehicle	137,000
Creditors	18,000
Debtors	36,000
Bank	100,000

Required: Prepare a trial balance for Kindaruma traders as at 31<sup>st</sup> July 2018.

25. State four reasons why the Government gets involved in business (4mks)