

BURAMU 1 – 2026 JOINT EXAMINATION

Kenya Certificate of Secondary Education (K.C.S.E)

565/2 - BUSINESS STUDIES - Paper 2

March. 2026 – 2½ hours

Name..... Index No:

Candidate's Signature

School:

Date:

Instructions to Candidates

- (a) Write your **name** and **index number** on the spaces provided.
- (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.
- (e) **All questions carry equal marks.**
- (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 Examiners Use Only

Question	Maximum Score	Candidate's Score
1	20	
2	20	
3	20	
4	20	
5	20	
6	20	
Total Score		

1. a) Explain **FIVE** factors that an entrepreneur would consider when evaluating a business idea. (10 marks)
 b) Explain **FIVE** differences between commercial banks and non-bank financial institutions. (10 marks)
2. a) Explain **FIVE** sources of monopoly power. (10 marks)
 b) Explain **FIVE** advantages that an investor would derive by investing in shares of a listed company. (10 marks)
3. a) A farmer wishes to hire transport for the delivery of his tomatoes to the market. Explain **FIVE** factors that she should consider in choosing the means of transport. (10 marks)
 b) With the aid of a diagram, explain the effect of an increase in the demand of a commodity while its supply remains constant. (10 marks)
4. a) Outline **FIVE** advantages of advertising a product through the print media. (10 marks)

b) As at 1st January 2025, the cash book of Sifuna Traders showed the following balances.

	Kshs
Bank	4,300 (Cr)
Cash	10,000

During the month, the following transactions took place.

Jan 3: Tumbo a debtor settled his account of Kshs. 7,500 by cheque.

6: Paid rent by cash Kshs. 4,000.

10: Deposited Kshs. 3,000 in the business bank account from the cash till.

15: Settled Nyamu's account of Kshs. 10,000 in cash and allowed a discount of 1%.

18: Deposited Kshs. 14,000 in the bank from private sources.

21: Cash sales Kshs. 6,000.

24: Otieno, a debtor settled his account by cheque of Kshs. 4,000 having been allowed a discount of 20%.

26: Purchased furniture Kshs. 2,600 by cheque

28: Received Kshs. 1,800 cash from Nduta

30: Banked the available cash except Kshs. 100

Required:

- i) Prepare Sifuna Traders three column cash book for the month ended 30th January 2020. (10 marks)
5. a) Explain **FIVE** means of payments used in home trade. (10 marks)
 b) Explain **FIVE** factors that may limit the growth of a country's National Income. (10 marks)
6. a) Outline **FIVE** roles of filing to an organization. (10 marks)
 b) The following information relates to **Anisa** traders for the year ended 31st December 2019.

i) Turn over	Kshs. 300,000
ii) Margin	45%
iii) Rate of stock turnover	6.6 times
iv) Expenses	60,000

Calculate:

- i) Gross profit. (3 marks)
- ii) Cost of sales (2 marks)
- iii) Net profit (1 mark)
- iv) Average stock (2 marks)
- v) Mark –up (2 marks)