**NAME:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **ADM NO.:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**CANDIDATE’S SIGNATURE**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **DATE**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**565/2**

**BUSINESS STUDIES**

**Paper 2**

**JULY/AUG 2021**

**Time: 2 hours**

**LANJET JOINT EXAMINATION 2021**

***Kenya Certificate of Secondary Education***

**565/2**

**Paper 2**

**BUSINESS STUDIES**

**TIME: 2hours**

**INSTRUCTIONS TO CANDIDATES**

* Write your **name** and **index number** on the answer booklet provided.
* This paper consists of **six** questions.
* Answer ***any five*** *questions*.
* All questions carry equal marks.

**FOR EXAMINERS USE ONLY**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTION** | 1 | 2 | 3 | 4 | 5 | 6 | **TOTAL** |
| **MARKS** |  |  |  |  |  |  |  |

***This paper consists of 3 printed pages. Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing***

1a) Explain any **five** measures a country may adopt to increase its volume of exports. (10 marks)

b) Explain **five** factors that encourage entrepreneurial development in Kenya. (10marks)

2.a) DrKorir a surgeon opened up a clinic in his rural home of Chepalungu. The business closed after six months. Explain five reasons for the business failure.

b) Uhuru Highway Ltd started business on 1st May 2018 with Shs. 250,000 consisting of:

Cash at bank Shs.200,000,

Cash in Hand Shs. 30,000

Furniture Shs. 20,000

The following transactions took place during the month of May.

3rd May 2014, Motor Van worth Shs. 85,000 and stock of Shs. 25,000 were bought on credit

6th May 2014, more stock worth shs.10,000 was bought by cash

9th May 2014, withdrew money from bank sh 50,000 for office use

15th May 2014, Sold stock at cost to a customer on credit for shs. 18,500

19th May 2014, received a cheque for the full settlement of a debt owed from the transaction

of 15th may 2014

23rd May 2014, paid Shs. 65,000 by cheque for the motor van bought earlier on credit

31st May 2014, paid Shs. 20,000 cash for the stock bought on credit

**Required:**

Prepare the balance sheet of Uhuru Highway Ltd as at 31st May 2019. (10marks)

3a) Explain five measures that Kenya Government should adopt to solve the widespread cases of unemployment. (10mks)

(b) Give four differences between a private limited company and a public corporation.(10mks)

4 a) Explain **FIVE** Money transfer facilities provided by Commercial Banks (10 s)

b) On 1st May 2010 Musa Traders had sh. 15, 000 cash in hand and Sh. 160, 450 at bank. During the month, the following transactions took place.

 May 2 Bought goods for Sh. 5, 400 and paid by cheque.

 May 8 Received sh. 7, 200 cash from a debtor

 May 15 Paid a creditor Sh. 18, 300 by cheque

 May 16 Paid salaries sh 4, 200 in cash

 May 18 Sold goods for sh. 9, 200 and was paid by cheque

 May 20 Withdrew sh. 30, 000 from bank for office use

 May 25 Received sh.8, 000 cash from a debtor

 May 28 Paid general expenses sh. 4, 000 cash.

 May 29 Deposited sh.10, 000 cash in bank

 May 30 Paid for electricity sh. 2, 500 by cheque

 Record the above transactions in a two column cash book and balance it off. (10 **Marks**)

5 a) Outline **FIVE** causes of Balance of payments disequilibrium (10 mks)

b) Describe **FIVE** channels of distribution that may be followed by imported manufactured goods (10 mks)

6 a) Explain five functions of the stock exchange market. (10mks)

 b) VP Shah shop sells all its goods at a margin of 20%. For the year ended 30th April 2006, the

trading activities were as follows.

 Purchases sh. 80,000

 Sales sh. 950,000

 Net profit 5% of sales

 Closing stock sh. 200,000

 **Calculate**

 a) The gross profit

 b) The opening stock

 c) Mark up percentage

 d) The net profit.