**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**June, 2024**

**Time: 2½ hours.**

**KASSU JET JOINT EXAMINATION**

**Kenya Certificate of Secondary Education**

**565/2**

**Paper 2**

**BUSINESS STUDIES**

**INSTRUCTIONS TO STUDENTS**

* *This paper consists of* ***six*** *questions.*
* *Answer any* ***FIVE*** *questions*
* *All questions carry equal marks.*

***For official use only***

|  |  |
| --- | --- |
| ***Question*** | ***Candidates score*** |
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1. (a) Explain ***five*** importance of a business plan to an entrepreneur. (10 marks)

(b) Explain ***five*** factors that may hinder development of a country. (10 marks)

2. (a) Explain ***five*** functions of commercial banks in an economy. (10 marks)

(b) Outline the differences between co-operatives and partnership. (10 marks)

3. (a) Explain ***five*** reasons for government involvement in business. (10 marks)

(b) On 1st September 2020, Kiptala Traders had cash in hand of Shs.100,000

and a bank overdraft of Shs.15,000. The following transactions took place

during the month.

Sept. 2: Bought goods in cash Shs.15,000.

Sept. 5: Received the following cheques from debtors after allowing

a 2% discount in each case: Larry Kshs.9800 and Moryn

Shs.14,700.

Sept. 7: Paid the following accounts by cash in each case deducting

a 5% cash discount: Silas Shs.30,000 and Brayo Kshs.12,000.

Sept. 9: Sold goods on credit to Kimutai Sh. 12,000

Sept. 12: Kipsang settled his account of Kshs.20,000 in cash after

deducting 2% cash discount.

Sept. 13: The cheque received from Larry was dishonoured

Sept. 14: Made net sales Shs.25,000 where cash Sh. 15,000 was received

And the balance to be paid later

Sept. 15: Received a cheque from Abdul Shs.29,100 after allowing him a 3% cash discount.

Sept.16: Deposited all cash into the bank account except Shs.16,700.

**Required:**

Prepare a **three** column cashbook and balance it off. (10 marks)

4 (a) Explain ***five*** types large scale retailer. (10 marks)

(b) Kenya’s trade with Singapore indicates a Balance of payment deficit against Kenya. Explain ***five*** measures that Kenya can take to correct such balance of payment disequilibrium (10 marks)

5. (a) Rashid Holdings, a Steel selling business intends to promote her products around the country. Explain ***four*** factors that it must consider when choosing

an appropriate method of product promotion. (8 marks)

(b) The following trial balance relates to progressive traders as at 31st Dec 2022

**PROGRESSIVE TRADERS**

**TRIAL BALANCE**

**AS AT 31ST DEC 2022**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Dr** | **Cr** |
| Purchases/sales | 349,000 | 582,000 |
| Debtors/Creditors | 51,000 | 62,000 |
| Motor vehicle | 600,000 |  |
| Drawings | 30,000 |  |
| Returns | 22,000 | 19,000 |
| Carriage in | 10,000 |  |
| NCBA loan |  | 170,000 |
| Furniture and fittings | 45,000 |  |
| Discounts | 25,000 | 36,000 |
| Stock (1/1/2022) | 40,000 |  |
| Carriage outwards | 7,000 |  |
| Rent |  | 24,000 |
| Advertising | 13,000 |  |
| Land and Buildings | 500,000 |  |
| Access Bank loan |  | 210,000 |
| Interest on loans | 48,000 |  |
| Cash at bank | 150,000 |  |
| Cash in hand | 28,000 |  |
| Capital |  | 815,000 |
|  |  |  |
| **Totals** | **1,918,000** | **1,918,000** |

Additional information.

Stock as at 31st December 2022 was valued at Kshs.30,000

**Required.**

1. Prepare a trading, profit and loss account for the year ended 31st December 2022. (7 Marks)
2. Develop a balance sheet for Progressive traders as at 31st December 2022.

(5 Marks)

6. (a) Explain ***five*** factors influencing the type of goods and services to be

produced. (10 marks)

(b) Outline ***five*** features of monopolistic competition market structure. (10 marks)