KCSE 2022 PREDICTIONS

5 STAR EXAMS SERIES 001/1/2022

565/2 – BUSINESS STUDIES – PAPER 2

TIME: 2 Hours

Name: …… Adm No: ……

Index No: …… Sign: …… Date: ……

INSTRUCTIONS TO CANDIDATES.

1. This paper consist of six questions with section a and b.

2. Answer only five questions, both a and b in the writing material provided.

3. Indicate clearly the questions answered

For examiner's use only

QUESTION	1	2	3	4	5	6
SCORE						

TOTAL	

1 .a) There has been rapid rate of unemployment over the years in Kenya. Explain **five** measures the government may put in place to curb this trend**.** **(10 marks)**

b) Explain **five** uses of national income statistics **(10 marks)**

2.a) Explain **five** benefits a country may get by locating industries in different parts of the country **(10 marks)**

b) Explain **five** differences between shares and debentures **(10 marks)**

3. a) Explain **five** principles that guide operation of insurance companies in Kenya. **(10 marks)**

b) Explain **five** roles played by non-governmental organizations(NGOs) in protecting consumers
(10 marks)

4. a) Explain **five** factors a business should consider while deciding on the office machine to buy **(10 marks)**

b. The following information was extracted from the books of Bondo retailers in December 2019.

Dec 2: Bought a computer worth sh.10, 000 on credit from digital traders.

Dec 5: Bought office furniture worth sh. 5,000 on credit from office suppliers limited.

Dec 11: Settled a debt owed to Kamau, a creditor by giving up stock worth sh. 6,000

Dec 15: Sold a printer worth sh.15,500 for sh 18,000 to Kiamaiko ltd on credit

Dec 23: Settled a debt of sh 200,000 owed to a creditor Omoka by giving up a motor vehicle Worth the same amount

Dec 25. Sold an old set of chairs for sh 53,000 to Milele traders

Dec 27: Sold a motor vehicle worth sh 87,000 for sh 80,000 on credit to Gitau

Dec 30: realized that goods worth sh 10000 sold on credit to Muasya had been recorded in The books of account as sh 1000

Record the information in the relevant book of original entry **(10 marks)**

5.a) Explain **five** benefits a trader may enjoy by operating a unit shop **(10 marks).**

b. Explain **five** reasons why the demand curve for second hand clothes may shift to the left **(10 marks)**

6. a) Explain **five** circumstances under which a business may decide to offer its customers after sale services **(10 marks).**

b) On 1st May 2020, ,Kihenjo ltd had cash in hand sh.178,000 and a bank overdraft of shs.23,400.
During the month, the following transactions took place:
May 3: Cash sales sh 16,500 paid direct into the bank.
May 4: Bought goods for sh.15,000 and paid by cheque.
May 6: Cash sales sh.50, 000.
May 9: Received a cheque for Sh.76, 500 from Mwikali in full settlement of her debts.
May 13: Paid insurance premium sh.16,000 in cash.
May 14: Paid Otieno by cheque Sh.9,700 in full settlement of his account having deducted 3% cash discount.
May 21: Withdrew Sh 30,000 from bank for office use.
May 23: Received a cheque of sh 23,750 from Kimani in full settlement of his account less 5% cash discount.
May 25: Paid wages of shs. 20,000 in cash.
May 26: Cheque received from Mwikali was dishonored, the bank charged sh 350.
May 30: Banked all cash except Sh 3,000.
Prepare a three-column cash book duly balanced.
(10 marks)