GENIUS EXAM 002

NAME _____ INDEX NO. _____

SCHOOL _____ SIGNATURE _____

DATE _____

565/2
BUSINESS STUDIES
PAPER 2
TIME: 2½ HOURS

KCSE PREDICTION 2024

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

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BUSINESS STUDIES
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INSTRUCTIONS TO CANDIDATES

1. Write your name, school and index number in the spaces provided above.
2. Write the date of examination and sign in the spaces provided above.
3. This paper consists of **6** questions.
4. Answer **any five** questions.
5. Write your answers in the answer booklet provided.
6. All questions carry equal marks.
7. This paper consists of **3** printed pages.
8. Candidates should check to ensure that all pages are printed as indicated and no questions are missing.

FOR EXAMINER'S USE ONLY

Question	Maximum score	Candidate's score

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1	20	
2	20	
3	20	
4	20	
5	20	
6	20	
	Total score	

GENIUS EXAMS

1. a) Discuss **five** causes of unemployment in Kenya today. (10 marks)

   b) Explain **five** roles of transport to the economy of a country. (10 marks)

2. a) Discus **five** roles of public finance.

   (10 marks)

   b) Explain **five** barriers to effective communication. (10 marks)

3. a) Highlight **four** problems likely to be faced by consumers when a firm operates as a Monopoly. (8 marks)

   b) The following trial balance was extracted from the books of Tumaini Traders as at 30th June 2015.

DETAILS	DR	CR
Stock on 1st July 2014	180,000	
Debtors and creditors	195,000	120,000
Discounts	75,000	96,000
Sales and purchases	1,200,000	1,740,000
Premises	1,630,000	
Carriage outwards	24,000	
Returns	60,000	150,000
Fixture and fittings	300,000	
Carriage inwards	100,000	
Machinery	600,000	
Commissions	48,000	42,000
Capital		2,454,000
Wages & salaries	90,000	
Cash in Bank	420,000	
Rent income		110, 000
	4,712,000	4,712,000

Additional information

Closing stock was valued at sh 210,000.

Required

i) Prepare a trading, profit and loss account for the year ended 30th June 2015. (8 marks)

ii) Prepare Tumaini Trades balance sheet as at 31st June 2015. (4 marks)

4. a) Explain **five** ways in which the nature of a commodity may influence its distribution. (10 marks)

   b) Outline **five** differences between a public limited company and partnership form of a business. (10 marks)

GENIUS EXAMS

5. a) Explain **five** reasons for continued existence of small firms alongside large firms. (10 marks)

   b) Explain **five** benefits enjoyed by a firm that has expanded its scale operations. (10 marks)

6. a) Explain **five** instruments of monetary policy a central bank may use to reduce money supply in a country. (10 marks)

   b) On January 2005 Njeri traders had the following transactions.

   2005

   January 1: Started business with capital sh.80,000 cash and sh.200,000 at the bank

   2: Bought furniture by cheque sh.20,000

   3: Bought goods by cheque sh.70,000

   8: Received cash from Chemai sh.19,000 having allowed him a cash discount of sh.1,000

   9: Paid the following accounts by cheque:-
   Muthoni sh.30,000, Salim sh.15,000 and Kiptoo sh.26,000 having deducted 10% discount in each case

   12: Cash sales sh.14,000, paid for postage in cash sh.2,000

   16: Received a cheque of sh.27,500 from Ngondi in full settlements of his account of sh.30,000

   20: Received cheque of the following amounts from: Adijah sh.18,000, Adongo sh.28,800 and Maranga sh.12,600. The business had allowed each of them a discount of 10%

   Required:

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

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