

565/2

– **BUSINESS STUDIES** –

**Paper 2**



**Apr. 2021 – 2½ hours**

914

Name ..... Index Number .....

Candidate's Signature ..... Date .....

**Instructions to candidates**

- (a) Write your name and index number in the spaces provided above.
- (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 in the spaces provided after question 6.
- (e) All questions carry equal marks.
- (f) Non-programmable silent electronic calculators may be used.
- (g) **This paper consists of 16 printed pages.**
- (h) **Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**
- (i) **Candidates should answer the questions in English.**

**For Examiner's Use Only**

| Question           | Maximum Score | Candidate's Score |
|--------------------|---------------|-------------------|
|                    | 20            |                   |
|                    | 20            |                   |
|                    | 20            |                   |
|                    | 20            |                   |
|                    | 20            |                   |
| <b>Total Score</b> |               |                   |

0146



Turn over

1. (a) Explain **five** measures that the government may take to solve youth unemployment in Kenya. (10 marks)
- (b) Explain **five** reasons for consumer protection. (10 marks)
2. (a) Explain **five** principles of Government spending. (10 marks)
- (b) Explain **five** trends in office management. (10 marks)
3. (a) Post the following transactions to the relevant ledger accounts and balance them off.
- |           |   |   |            |
|-----------|---|---|------------|
| 1/3/2018  | - | Started a business with Ksh 100,000 at the bank.                        |            |
| 2/3/2018  | - | Bought a motor vehicle worth Ksh 800,000 on credit from General Motors. |            |
| 4/3/2018  | - | Withdrew Ksh 20,000 from bank for office use.                           |            |
| 6/3/2018  | - | Bought stock worth Ksh 30,000 paying by cheque.                         |            |
| 10/3/2018 | - | Made cash sales of Ksh 15,000.  |            |
| 10/3/2018 | - | Took cash Ksh 8,000 to pay hospital bills.                              | (10 marks) |
- (b) Explain **five** benefits of intermediaries to the consumer in the chain of distribution. (10 marks)
4. (a) Explain **five** benefits of a savings account to a customer. (10 marks)
- (b) Explain **five** ways in which a warehouse may promote trade. (10 marks)

5. (a) The following is an extract of a trial balance from the books of Adan Traders as at 31 December 2018.

**Adan Traders**  
**Trial Balance as at 31 December 2018**

| Details               | Dr.       | Cr.       |
|-----------------------|-----------|-----------|
| Premises              | 1,120,000 |           |
| Debtors and creditors | 55,000    | 37,300    |
| Cash in hand          | 65,000    |           |
| Cash at bank          | 80,000    |           |
| Discounts             | 15,000    | 2,400     |
| Salaries and wages    | 27,000    |           |
| Commission            | 16,600    | 9,000     |
| Power and lighting    | 11,700    |           |
| Furniture             | 49,000    |           |
| Capital               |           | 1,301,800 |

**Additional information:**

|                                    |             |
|------------------------------------|-------------|
| Stock of goods on 31 December 2018 | Ksh 25,000  |
| Gross profit                       | Ksh 120,000 |

**Required:**

- (i) Prepare Adan Traders Profit and Loss Account for the period ended 31 December 2018. (5 marks)
- (ii) Prepare a Balance Sheet as at 31 December 2018. (5 marks)
- (b) Explain **five** benefits of communication to a business. (10 marks)
6. (a) Explain **five** reasons that may make it necessary for the government to promote entrepreneurship. (10 marks)
- (b) Explain **five** advantages of indirect production to the society. (10 marks)