

WESTLANDS SUBCOUNTY JOINT EXAMINATIONS

-2021

BUSINESS STUDIES

565/2

Time: 2hours 30Min.

NAME:**ADM NO.:**.....**CLASS**

.....

SIGNATURE:.....**DATE:**.....**TEACHER:**.....

Instructions to candidates.

1. Write your name, index number, school and signature in the spaces given above.
2. Sign and write the date of the examination in the spaces provided above
3. This paper consists of 6 questions. Answer any five questions.
4. All answers should be written in the answer booklet provided.
5. Candidates should check the question paper to ascertain that all the questions are printed.
6. All questions should be answered in English.

For official use only.

Question	1	2	3	4	5	6
Marks						

TOTAL

1. a) Explain **five** reasons for the popularity of using internet in product promotion. (10mks)

b) Explain **five** services that the central bank of Kenya may offer to commercial banks. (10mks)

2. a) Explain **five** trends in business ownership. (10mks)

b) On 1st April 2020, Kifaru traders had the following balances:

Bank 15,000 (CR)

Cash 25,000 (DR)

April: 3rd Paid wages in cash Ksh. 15,000

5th Bought goods worth Ksh. 750 in cash.

6th Received cheques from the following debtors after allowing a

2% discount in each Case, Roiki Sh. 980, Kombo Sh. 1960.

8th Chebe paid Kifaru by a cheque of Sh. 1,000.

11th Bought machinery by cheque for Sh. 5,000.

13th Cash sales paid directly to the bank Sh. 4000.

15th Withdrew Sh. 1,000 for private use.

20th Cash sales Sh. 20,000.

21st Banked cash amounting to Sh. 1,000.

24th A cheque received from Chebe On 8th April was dishonoured.

27th Received Sh. 3,000 by cheque from Kiko, a debtor.

30th Banked all the available cash except Sh. 1,000.

Prepare Kifaru Traders three column cash book for the month of April, 2020. (10mks)

3. a) Explain **five** monetary policies that the Kenyan government may use to control inflation. (10mks)
- b) Explain five factors to consider when choosing an office layout. (10mks)
4. a) Explain **five** factors that may limit entrepreneurial development in a country. (10mks)
- b) Explain **five** negative effects of unemployment. (10mks)
5. a) Describe **four** chains of distribution that a Kenyan producer would use to sell his/her goods to South Africa. (8mks)

b) The following Trial balance was prepared from the books of Nerea traders as at 31st December 2015.

Nerea Traders
Trial Balance.
As at 31st December 2015.

Particulars	Dr. Sh.	Cr. Sh.
Sales		900,000
Purchases	600,000	
Returns	80,000	20,000
Carriage Inwards	40,000	
Carriage Outwards	3,000	
Stock (January 2015)	100,000	
Rent.	60,000	
Creditors		170,000
Debtors	120,000	
Interest on loan	18,000	
General expenses	7,000	
Capital		178.000
Fixed assets	240,000	

	<u>1,268,000</u>	<u>1,268,000</u>
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Additional Information.

Stock as at 31st December was Ksh. 100,000

Required:

- i) Prepare a Trading profit and loss account for the period ended 31st December 2015.
- ii) Calculate:
 - a) Return on capital employed.
 - b) Current ratio.
 - c) Rate of stock turnover.

(12mks)

6. a) Explain **five** circumstances under which a country may restrict international trade. (10mks)
- b) Explain five types of direct taxes. (10mks)