Name ……………………...   **Index number………………….…………**

School ………………………………………………….   **Candidate's Sign……………………………**

Date…………………………………………

565/2
BUSINESS STUDIES
PAPER 2
November/December 2021
TIME: 2 ½ HOURS

BUNAMFAN CLUSTER EXAMINATIONS 2021

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

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2 ½ HOURS

INSTRUCTIONS

1. Write your **NAME, SCHOOL** and **INDEX NUMBER** in the spaces provided.

2. Answer **ANY FIVE** questions provided in the answer booklet provided.

3. This paper consists of **6 questions**

4. All answers must be written in **English.**

FOR EXAMINERS USE ONLY

Questions	1	2	3	4	5	6	TOTAL
Mark							

*This paper consists of **3 printed pages**. Candidates should check the question paper*
to ascertain that all pages are printed as indicated and that no questions are missing.

1. a) Explain **five** characteristics of underdeveloped countries.   (10 marks)

    b) Discuss **five** measures that can be used to reduce unemployment in Kenya   (10 marks)

2. a) Explain **five** ways in which the central bank regulates the operations of commercial banks in Kenya.   (10 marks)

    b) Explain **five** roles played by insurance industry in promoting the development of Kenyan economy.   (10 marks)

3. a) The following trial balance was extracted from the books of Baite Traders on 31st August. 2009.

	Dr (sh)	Cr (sh)
Sales		350,000
Purchases	160,000	
Cash at bank	290,000	
Return inwards	5,000	
Carriage inwards	20,000	
Carriage outwards	14,000	
Salaries and wages	10,000	
Debtors	56,000	
Creditors		90,000
Stock	35,000	
Machinery	265,000	
Rent		25,000
Discount received		18,000
Lighting and heating	12,000	
Building	240,000	
Advertising	13,000	
Drawings	3,000	
Capital		667,000
	1,150,000	1,150,000

Additional information;

Stock on 31st August. 2009 was valued at sh 50,000.
Required;

Prepare Trading profit and loss account for the year ended 31st August. 2009.   (12 marks)

    b) Savings and credit cooperatives have been registering an increasing number of members. Explain **four** reasons for such a development.   (8 marks)

4. a) Highlight **five** roles of the Nairobi Stock exchange as a market for securities.   (10 marks)

    b) During a trader's workshop, a speaker presented a speech on ethical issues in business. Highlight some ethical issues that he may have raised, affecting business.   (10 marks)

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5. a) Discuss **five** benefits of filing office documents to an organisation.   (10 marks)

   b) Explain **five** benefits that a country derives from transporting oil through pipeline.   (10 marks)

6. a) The income approach is one of the methods used to measure the national income of the country.
      Explain four types of incomes included in this approach.   (8 marks)

   b) On 1st June 2009, Muli Enterprises had cash in hand sh. 87,000 and cash at bank
       sh. 250,000.During the month, the following transactions took place.

      June   2   Sales in cash sh. 50,000
              3   Paid salaries sh.101, 500 by cheque.
              6   Received a cheque for sh. 76,800 from Mwelu after allowing her a cash discount
                       of 4%.
              12   Bought office furniture by cheque sh. 85,000
              16   Settled Musau's account of sh. 40,000 in cash, having deducted shs 800 cash
                       discount.
              18   Received a cheque for shs 150,000 in respect of cash sales.
              21   Paid wages shs 24,000 in cash.
              22   Withdrew shs 30,000 from bank for office use.
              25   Withdrew shs 5000 cash for private use.
              28   Received shs 16500 cash from Kasiva in settlement of her account less shs 660
                       cash discount.
              30   Deposited all the money into bank except shs 25,000

      Prepare a **three column cash book** and balance it off.   (12 marks)