**Name**: ……………………………………………………..**Adm** **No**: ……….……

**School** ……………………………………….. **Stream**……………………………

**Candidate’s** **Signature**: …….………...

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**DECEMBER 2021**

**TIME 2½ HOURS**

**KITUTU CENTRAL JOINT EXAMINATION**

**Kenya Certificate of Secondary Education**

**FORM, 4, TERM 2, 2021**

**565/2**

**TIME: 2 ½ HOURS**

Instruction to candidates

* *Write your name and stream in the space provided above.*
* *This paper consists of six questions*
* *Answer any* ***five*** *questions of your choice in the spaces provided.*
* *All questions carry equal marks*
* *Ensure that you have 12 printed pages.*
* *Students should answer the questions in English only.*

**For Examiner’s Use Only.**

|  |  |  |
| --- | --- | --- |
| Question  | Maximum score | Student’s score |
| 1 | 20 |  |
| 2 | 20 |  |
| 3 | 20 |  |
| 4 | 20 |  |
| 5 | 20 |  |
| 6 | 20 |  |
| **Total**  |  |

1. (a) Explain ***five*** reasons that may cause a business to continuously fail in all its business endeavors. (10 marks)

 (b) Explain the uses of the following documents in home trade. (10 marks)

 (i) Cash sale receipt

 (ii) Catalogue

 (iii) Consignment note

 (iv) Statement of account

 (v) Invoice

2. (a) Explain ***five*** reasons for effective filling systems. (10 marks)

 (b) Tanzania has witnessed a consistent rise in its level of national income for the last five years. Outline ***five*** factors that may account for this trend. (10 marks)

3. a) Explain five factors that may hinder effective distribution of goods and services to all parts of the country. (10 marks)

b) Explain five factors that determine the size of the firm. (10 marks)

4. (a) Kerubo Enterprises made the following credit sales in the month of August

2020

1/8/20 Onyango Sh.2000, Pamzo Sh.6000

 5/8/20 Chacha Shs.5000

 10/8/20 Kavuludi Sh.2500

 Onyango Sh.3000

 15/8/20 Onyango Shs.4500

 Pamzo Sh.5000

 30th /8/20 Otieno Sh. 8000, Ndugu Shs.1500

Enter the above transactions in the relevant journals, post the entries to the relevant ledgers and balance off the accounts (12 marks)

(b) Explain **four** public sector activities aimed at attracting foreign investment (8 marks)

5 a) Explain **five** factors that the government must take into consideration

before incurring any public expenditure. (10 marks)

 b) Explain five important roles played by the insurance sector in the economy. (10 marks).

6. a) The balance sheet shown below was prepared by a new book-keeper at Nandi

Stores

Nandi Stores

Balance Sheet

As at 31st December, 2019

|  |  |  |  |
| --- | --- | --- | --- |
| Assets | Shs. | Capital + Liabilities | Shs. |
| LandUnpaid rentShort term bank loanMotor vanCapitalTrade creditorsUnpaid wagesCashBank overdraft | 30,00012,00015,00045,000140,00040,00055,00040,00018,000 | Long term loan DrawingsFurniture & FittingsTypewriterBuilding & premisesStockProfitDebtors  | 115,00012,00030,00025,000155,00045,00045,00058,000 |

**Required:**

Prepare a corrected balance sheet clearly showing’

1. The total current assets and total fixed assets
2. The total current liabilities and the owners capital including all adjustments to capital.

 b) Explain five positive effects of inflation in the economy (10 marks