

BUNAMFAN CLUSTER EXAMINATION - 2022

Kenya Certificate of Secondary Education

565/2 – BUSINESS STUDIES – Paper 2

June 2022 - 2 ½ hours

Name.....Adm No.....

Class..... Date.....

INSTRUCTIONS TO CANDIDATES

- ❖ Write your **name**, **class** and **Index number** in the spaces provided above.
- ❖ Sign and write the date of examination in the space provided above.
- ❖ This paper consists of **six questions**.
- ❖ Answer **ANY five questions** from this paper.
- ❖ Candidates should check the question paper to ascertain that all pages are printed as indicated and that no question is missing.

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Question	Maximum score	Candidate's score
1	20	
2	20	
3	20	
4	20	
5	20	
6	20	
Total score		

1. a) Explain **five** ways in which the internal environment may contribute to the success of a business enterprise. (10 marks)
- b) Highlight **five** channels of distribution that a Kenyan manufacturer would use to ensure their goods reach consumers in another country. (10 marks)
2. a) Some developed countries have a huge population made of ageing persons. Explain **five** problems this situation could present to such countries. (10 marks)

b) The following information was obtained from the Books of Muthaura traders,

Sales	Kshs. 270,000
Margin	40%
Turnover	6 times
Expenses	Kshs, 40,000

From the above information,
Calculate:-

- a) Gross profit (3 marks)
 - b) Cost of goods sold (2 marks)
 - c) Average stock (3 marks)
 - d) Net profit (2 marks)
3. a) Describe **five** accounting documents used in home trade. (10 marks)
 - b) Explain **five** demerits a country may suffer when the Government becomes a major investor in business (10 marks)
 4. a) Explain **five** challenges that may be experienced by a new entrepreneur intending to start a business in Kenya. (10 marks)
 - b) Explain **five** reasons why per capita income is not an indicator of a better living standard in a country. (10 marks)
 5. a) Outline **five** merits of Indirect taxes (10marks)
 - b) Explain **five** problems that the insurance industry is facing in Kenya today. (10 marks)

6. a) There has been a decline in the demand for bananas in a certain market.

Explain **five** factors that may have caused this trend

(10 marks)

b) On 1st January 2021, Tom Owino Traders had Kshs. 6520 cash and Kshs. 9847 at the Bank.

During the month, the following transactions took place;

January

- 2 Paid transport by cheque shs. 2,000
- 3 Issued a Cheque to AFC settling an invoice for shs. 10,000 deducting 2% cash discount
- 4 Sold goods for cash shs. 4,000 less 2% cash discount
- 5 Banked shs. 1,000
- 6 Received a Cheque from Kamau shs. 2,500 less 2% cash discount
- 8 Paid Water bill in cash shs. 590
- 9 Withdrew cash from Bank for Office use shs. 800
- 10 Received a Cheque of shs. 5,000 from a debtor less 5% cash discount
- 11 Received cash of shs. 900 from John and gave a cash discount of 2%.
- 12 Banked all the cash except shs. 100

Required: Prepare a duly balanced three column Cash Book

(10 marks)

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