

Name : Index Number:.....
School : Candidate's Signature:
Date: Class.....

**565/2 BUSINESS STUDIES
PAPER 2
TEARM TWO 2023
TIME: 2 ½ HOURS**

KASSU ONE EXAMINATIONS

Kenya Certificate of Secondary Education

Instructions to candidates

- Write your Name, IndexNumber and School in the spaces provided.
- Sign and Write the date of the examination in the spaces provided above,
- This paper consists of SIX questions.
- Answer any FIVE questions,
- All questions carry equal marks.
- Candidates should check if all questions are printed.
- Candidates should answer all questions in English.

FOR OFFICIAL USE ONLY

Question	Maximum Score	Candidate's Score
1	20	
2	20	
3	20	
4	20	
5	20	
6	20	
TOTAL		

1. (a). Explain **Five** importance of Business studies in the society. (10 marks)
- (b). Explain **Five** causes of balance of payment disequilibrium. (10 marks)
2. (a). Other than bidding, explain **Five** other methods of determining the price of a product in a market. (10 marks)
- (b). Describe **Five** types of large scale retailers. (10 marks)
3. (a) On 1st July 2021, Sisokhe Traders had Shs.36,500 at bank and cash in hand Shs. 250. During the month the following transactions took place.
- July 2 Cash sales Shs.42,630 paid directly to the bank.
 - July 3 Received a cheque for Shs.14,100 from Fatuma in full settlement of a debt.
 - July 7 Credit sales Shs. 15,500 to Muvasu
 - July 8 Bought goods for Shs.26,240 on credit from Lytona Enterprises.
 - July 12 Cash sales Shs.42,450.
 - July 14 Paid Namuchu by cheque Shs.23,750 in full settlement of his account after deducting 5% cash discount.
 - July 15 Paid wages Shs.24,000 in cash.
 - July 16 Withdrew Shs.36,000 from the bank for office use.
 - July 17 Cleared Lytona account of Shs. 26,240 in cash less 12.5% discount.
 - July 18 Muvasu cleared her account of Shs 15,500 in cash less 8% discount.
 - July 20 Cheque received from Fatuma was dishonored.
 - July 28 Paid salaries by cheque Shs.48,600.
 - July 30 All cash was banked except Shs.5,000.
- Required: Prepare a three column cash book. (10 marks)
- (b) Briefly explain the procedure an insured would follow when making an insurance claim. (10 marks)
4. (a) Explain any **Five** Measures that the government can use to curb the unemployment rate in Kenya. (10marks)
- (b) Explain **Five** differences between a partnership and private Limited company forms of business units. (10marks)
5. (a) Explain **Five** uses of National Income Statistics to a country. (10marks)
- (b) Explain **Five** canons of a good tax system. (10marks)

6. The following balances were extracted from the books of **Tik-tok investment** on 31/12/2020.

Item	Ksh
Land	464,250
Sales	330,000
Opening Stock	35,000
Purchases	300,000
Commissions received	36,000
Carriage outward	30,000
Returns outwards	25,000
Carriage inwards	15,000
Returns inwards	10,000
Closing Stock	69,000
Debtors	65,500
Bank	200,000
Capital	783,250
Creditors	105,500
Cash	60,000

Additional information,

Margin stated at 20%

Prepare

- i) Trading profit and loss account for the year ended 31st Dec 2020 (8marks)
 - ii) Balance sheet as at 31st Dec 2020 (4marks)
- (b) Explain **Four** factors that may hinder development of a country. (8marks)