**NAME………………………………………….……………....INDEX NO……..……………..…………….**

**ADM……………………………….DATE…………................................................SIGN………….……….**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**JULY, 2024**

**TIME: 2½ HOURS**

**END OF TERM 2 EXAMINATION YEAR 2024**

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

**INSTRUCTIONS TO CANDIDATES**

1. Write your name and index number in the spaces provided above.
2. Write the date of examination and sign in the spaces provided above.
3. This paper consists of **6** questions.
4. Answer **any five** questions.
5. All questions carry equal marks.
6. Candidates should check to ensure that all pages are printed as indicated and no questions are missing.

FOR EXAMINER’S USE ONLY

|  |  |  |
| --- | --- | --- |
| Question | Maximum score | Candidate’s score |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
|  | Total score |  |

1. a) Explain **five** factors that may promote entrepreneurship in Kenya. (10 Marks)

b) There has been a decline in demand for leather jackets, explain **five** factors that may have caused

this. (10 Marks)

1. a) Explain **five** positive effects of inflation to the economy. (10 Marks)

b) Explain **five** causes of balance of payments disequilibrium. (10 Marks)

1. a) Explain **five** benefits that a private limited company may enjoy by changing to a public limited

company. (10 Marks)

b) Explain the functions of the following documents as used in home trade (10 Marks)

i). Invoice

ii). Debit note

iii). Credit note

iv). Receipt

v). Statement of account

1. a) The following trial balance relates to XYZ ltd.

XYZ limited

Trial Balance

As at 31st Dec. 2013.

Details Dr CR

Kshs Kshs

Capital 800,000

Opening stock 200,000

Purchases 680,000

Returns 50,000 80,000

Discount 80,000 45,000

Carriage inwards 42,000

Debtors and creditors 200,000 105,000

Sales 1,200,000

Motor vehicles 750,000

Furniture and fittings 250,000

Rent 50,000 60,000

Bank overdraft 42,000

Carriage outwards 30,000

Additional information:

Closing stock was valued at shs. 80,000

Required:

Prepare XYZ limited Trading, profit and loss account (10 Marks)

b) Explain any **five** sources of public finance (10 Marks)

1. a) Describe **five** types of advertising techniques used in product promotion. (10 Marks)

b) Explain **five** advantages of a bonded warehouse to the importer. (10 Marks)

1. a) Describe **five** government-initiated methods that help in the protection of consumers from exploitation by dishonest traders (10 Marks)

b) The following opening balances were extracted from the books of Masinga Traders on 1st May 2023

**Details sh**

Furniture 56,000

Capital 80,000

Creditors 20,000

Debtors 25,000

Bank 11,000

Cash 8,000

The following transactions took place in the course of the month:

- Paid a creditor sh 4,500 in cash

- Took sh 3,000 from the bank for family use

- Bought stock sh 18,600 on credit

- Acquired a 10 year bank loan sh 165,000 which was credited to the business bank account

- Purchased land worth sh 82,000 paying by cheque

- Converted a family table worth sh 55000 to business use

- Received sh 7,300 in cash from debtor.

**Required**: Prepare Masinga Traders Balance sheet at the end May 2023. (10 Marks)