**KASSU JOINT EXAMINATION**

**Kenya Certificate of Secondary Education.**

 **565/2 BUSINESS STUDIES Paper 2**

**January 2021 – 2 hours 30 minutes**

**NAME:** …………………………………………………………………. **ADM NO.:** ……………… **CLASS** ………

**CANDIDATE’S SIGNATURE**: ………………………………... **DATE**: ………………………………………

**Instructions to Candidates**

1. *Write your name and index number in the spaces provided above.*
2. *Sign and write the date of the examination in the spaces provided.*
3. *This paper consist of six question.*
4. *Answer* ***any five*** *questions in the spaces provided.*
5. ***Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.***

 **FOR EXAMINERS USE ONLY**

|  |  |  |
| --- | --- | --- |
| **Question** | **Candidate’s score** | **Maximum Score** |
|  |  | **20** |
|  |  | **20** |
|  |  | **20** |
|  |  | **20** |
|  |  | **20** |
| **TOTAL SCORE** |  | **100%** |

1. a) Discuss five factors that influence entrepreneurship in Kenya. (10 marks)
2. Explain five monetary measures that can be taken to control inflation. (10 Marks)
3. a) On 1st January 2018, Sunlight enterprise had Kshs.95000 cash in hand and Kshs.125000 at bank. During the month the following transactions took place;

 2018

 Jan 3rd; Cash sales kshs.9000 directly banked

* 5th ; Purchased goods worth kshs.19500 by cash
* 12th; Deposited kshs.25000 into the business bank account from private sources.
* 14th ; Obura a debtor settled his account of kshs.15000 by cash less 5% cash discount
* 17th; Paid James kshs.3900 by cheque in full settlement of his account less 2.5% cash discount.
* 20th; Sold goods worth kshs.13500 to Kim on credit.
* 23rd; Settled Kamau’s account of kshs.15000 by a cheque of kshs.13500.
* 24th; Received a cheque of kshs.28800 from Leeroy a debtor having allowed a cash discount of 4%.
* 25th ; Paid salaries by cheque kshs.36000
* 27th ; Bought stationery by cash Kshs.29600
* 28th; The cheque received from Leeroy on 24th was dishonoured.
* 30th; All cash was banked except Kshs.15000.

**Required;**

Prepare a dully balanced three column cash book. (10 Marks)

b) Explain five differences between commercial banks and Non-Bank financial institutions.

 (10 Marks)

1. a) With the aid of an appropriate diagram, Explain how the price of a commodity is determined in a free market. (10 Marks)

b) Discuss five trends in forms of business units. (10 Marks)

1. a) Katiba enterprise is a new firm which was established recently. Discuss five factors that the marketing manager should consider in order to choose an appropriate method of promoting their product. (10 Marks)

b) Describe five features of economic resources. (10 Marks)

1. a) The following information was extracted from the books of Chelule Traders for the year ended 31st December 2019.

|  |  |
| --- | --- |
| **ITEM** | **KSHS.** |
| Capital | 636,000 |
| Salaries | 95,000 |
| Transport | 16,000 |
| Commission allowed | 800 |
| Commission received | 2,800 |
| Rent income | 72,000 |
| Gross profit | 326,000 |
| Insurance | 92,000 |
| Power & Lighting | 2,500 |
| Discount received | 1,200 |
| Machinery | 800,000 |
| Furniture | 150,000 |
| Debtors | 35,000 |
| Creditors | 17,000 |
| Cash at Bank | 89,700 |
| Cash in hand | 74,000 |
| Advertising | 4,500 |
| N.I.C Bank loan | 320,000 |
| Discount allowed | 500 |

 Stock on 31st December 2019 was valued at Kshs.15,000

 **Required;**

 **-** Prepare Chelule Traders profit and loss account for the year ended 31st Dec 2019. (7 Marks)

 **-** Extract a balance sheet as at 31st Dec 2019. (5 Marks)

b) Poor services delivery in most counties is caused by inappropriate utilization of public resources, explain four principles that should guide public expenditure in order to improve service delivery.

 (8 Marks)

1. a) Discuss five characteristics of perfect competitive market . (10 Marks)

b) Explain five reasons why some countries engage in trade restriction. (10 Marks)