**Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Adm. No\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Index No: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ School:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

 **Candidate’s Sign\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**565/2**

**BUSINESS STUDIES**

**Paper 2**

**March/April - 2023.**

**Time: 2½ Hours**

**ARISE AND SHINE TRIAL EXAMINATION**

**Kenya Certificate of Education (KCSE)**

**Instructions to candidates:**

1. This paper consists of six questions
2. Answer any **five** questions.
3. Write your answers in the answer booklet provided
4. All questions carry equal marks
5. This paper consists of 3 printed pages.
6. Candidates should check the question paper to ascertain that all the pages are printed and no questions are missing.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| QUESTION | 1 | 2 | 3 | 4 | 5 | 6 | TOTAL |
| MARKS |  |  |  |  |  |  |  |

***Answer Any Five Questions***

1. (a) Explain **five** benefits that may accrue to a firm that adopts division of labour. (10 marks)

(b) Discuss **five** problems that a country may face when measuring her national income using output approach. (10 marks)

1. (a) Explain **five** measures that a business may take to safeguard and control its property. (10 marks)

(b) Discuss five factors that a manufacturer should consider when choosing a distribution channel. (10 marks)

1. (a) Describe **five** circumstances under which a bank may dishonor a cheque. (10 marks)

(b) On 1st January, 2012 Chumo Traders had the following balances:

 Cash 15,000

 Bank 40,000

During the month, the following transactions took place.

 Jan 2 Maritim, a debtor, settled his account of sh.10,000 by a cheque of sh.8,000.

 5 Deposited sh.4,000 into the business bank account from the cash till.

 9 Paid wages by cash sh.5,000

 14 Sold goods in cash sh.14,000

 17 Purchased office equipment worth sh.3,000, paying by cheque.

 18 Settled Korir’s account, sh.10,000 by cash after being allowed a discount of 5%.

 21 Received sh.6,000 cash from Kolongei, a debtor.

 23 Tangus, a debtor settled his sh.4000 account by cheque having been allowed a discount of 20%.

 27 Deposited sh.17,000 in the business bank account from private sources.

 30 Banked all the cash in the till except sh.1000.

 Prepare a three column cash book for Chumo Traders duly balanced at the end of the month. (10marks)

1. (a) Outline **five** reasons why a wholesaler may decide to construct its own warehouse instead of hiring storage space. (10 marks)

(b) Describe **five** features of human wants. (10 marks)

1. (a) Small scale businesses in Kenya has been struggling over the years, explain **five** reasons behind this. (10 marks)

(b) Explain **five** factors to consider when choosing a method of product promotion. (10 marks)

1. (a) Describe **five** steps to be followed when obtaining an insurance policy. (10 marks)

(b) The following information relates to Jambo Entreprises for the year ended 31st December 2018.

**Item Shs**

 Stock on 1st Jan 2018 75,000

 Furniture 2,000,000

 Motor vehicles 4,000,000

 Purchases 1,500,000

 Carriage on Purchases 50,000

 Sales 3,000,000

 Carriage on Sales 15,000

Discount received 25,000

Debtors 400,000

Creditors 635,000

Discount allowed 10,000

Lighting & Heating 15,000

Water 5,000

Rent and rates 30,000

Repairs 50,000

Salaries 100,000

General expenses 70,000

Cash in hand 90,000

Cash at Bank 450,000

Capital 5,230,000

Commissions paid 30,000

Additional information:

Stock on 31st Dec 2018 was 105,000.

Prepare;

1. Trading Profit & Loss account for the year ended 31st Dec 2018.
2. Balance sheet as at 31st December 2018.