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FORM 4 ENTRANCE EXAMS 2023

Kenya Certificate of Secondary Education

**565/2-BUSINESS STUDIES - Paper 2**

**February 2023 – 2 hours**

Name ……………………………………………..…. Adm no. ………………

Candidate’s Signature …………………………….. Date …………………

**Instructions to Candidates**

1. This paper consists of six questions.
2. Answer any **five** questions.
3. Answers should be written in the spaces provided after question six.
4. All questions carry equal marks.
5. Students should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
6. Students should answer the questions in English.

**For Examiner’s use only**

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTION** | | 1 | 2 | 3 | 4 | 5 | 6 |
| **MARKS** | a) |  |  |  |  |  |  |
| b) |  |  |  |  |  |  |

1a) Explain **five** benefits of division of labour and specialization to an organization. (10marks)

b) ABC Company wishes to start a manufacturing firm, explain **five** factors that they will consider before deciding where to locate their firm. (10marks)

2. a) Motorcycles (Bodaboda) are gaining popularity as a means of transport especially in the rural areas. Explain **five** reasons for this trend. (10marks)

b) On 1st January 2020, Juma traders had shs 50,000 cash and a bank overdraft of shs 30,000.

During the month the following transactions took place;

|  |  |
| --- | --- |
| 2nd January 2020 | Made cash sales of shs 400,000 |
| 5th January 2020 | Received a cheque of shs 450,000 from Jacob traders in full settlement of their debt after allowing a 10% cash discount. |
| 7th January 2020 | Paid rent in cash shs 20,000 |
| 12th January 2020 | Took cash shs 40,000 to settle a personal debt. |
| 14th January 2020 | Deposited shs 20,000 from the cash till in the business bank account. |
| 17th January 2020 | Purchased stock on credit from Bernard distributors worth shs 20,000 |
| 20th January 2020 | The cheque received on 5th January was dishonored. |
| 23rd January 2020 | Cash sales of shs 50,000 |
| 25th January 2020 | Settled Charity’s account of shs 200,000 by cash less 3% cash discount. |
| 28th January 2020 | Cash sales banked directly shs 39,000 |
| 30th January 2020 | Paid Pendo trader’s shs 124,000 in cash after deducting a cash discount of shs 6000. |
| 31st January 2020 | Deposited all cash in the bank account except shs 1000. |

3 a) Explain **five** reasons for government involvement in business. (10 marks)

S2

b)

S1

Price

S2

S1

quantity

Explain **five** reasons that may account for the above trend. (10 marks)

1. a) Jamal took an insurance policy and eventually suffered a loss as a result of occurrence of the insured risk. Explain the procedure that he would follow when making a claim from the insurer. (10 marks)

b) Outline **five** principles of co-operatives. (10 marks)

5. a) Explain **five** factors that may have contributed to high rate of unemployment in a country like Kenya. (10 marks)

b) Explain **five** types of small scale retailers with shops. (10 marks)

1. a) The following balances were extracted from the books of Silker Traders on 1st January, 2022.

Kshs.

Capital ?

Creditors 680,000

Motor van 1,200,000

Bank 800,000

Stock 600,000

Debtors 820,000

Cash 700,000

The following transactions took place during the first week of January, 2022.

Jan 2: Paid a creditor Ksh.180,000 by cheque.

Jan 3: Sold goods worth Ksh. 160,000 for which Ksh.120,000 cash was received and

balance was due at the end of the week.

Jan 4: The owner took goods worth Ksh.5,000 for home use.

Jan 5: Sold goods worth Ksh.200,000 for Ksh.237,000 on credit.

Jan 6: Received Ksh.330,000 from Keiyo distributors a debtor by cheque.

**Required:**

i)Ascertain Silkertraders capital as at 1st January, 2022. (2 marks)

ii) Draw Silker Trader’s balance sheet as at 7th January, 2022 showing the items in their relevant classes. (10 marks)

b) Explain **four**  personal considerations to be put into account when evaluating a business opportunity. (8 marks)