**565/2**

**NAME……………………………………..………………ADM .NO………………………..………**

**SIGNATURE…………………………………………..……….DATE………………….………….**

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**KENYA CERTIFICATE OF SECONDARY EDUCATION**

**ELDORET DIOCESE EXAM 2021**

**BUSINESS STUDIES**

**Paper 2**

**TIME: 21/2 hours**

***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 above.*
3. *This paper consists of* ***6*** *questions.*
4. *Answer ANY FIVE questions in the spaces provided*
5. *This paper consists of* ***3****printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing*
6. *Candidates should answer the questions in* ***English***

|  |  |  |
| --- | --- | --- |
| Question | Maximum  score | Candidates  score |
|  | 20 |  |
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|  |

1. (a) Explain**five**measuresthatKenyamaytaketocontrolunemploymentproblem (10 marks)

(b) Highlight**five**differencesbetweendirecttaxandindirecttax . (10 marks)

1. (a) Explain the meaning and significance in each of the following terms as used in foreign trade.

(10 marks)

1. Terms of trade.
2. Balance of payment.
3. Exchange rate.
4. Balance trade.
5. Common market.

(b)Explain**five**functionsofthenationalbudgetasatoolofplanning. (10 marks)

1. (a)Discuss five factors that have led to survival of small-scale retailers despite competition from

Supermarkets. (10 marks)

(b)ThefollowingbalanceswereextractedfromthebooksofMuteitraderson31stDecember,2017.

Shs

Gross profit 800,000

General expenses 180,000

Buildings 1,250,000

Equipment 380,000

Capital 1,400,000

Furniture 117,000

Insurance 48,000

Stock 25,000

Commission income 125,800

Discount allowed 55,000

Discount received 56,200

Bank Overdraft 79,000

Salaries and wages 320,000

Creditors 90,000

Carriage outwards 60,000

Debtors 65,500

Carriage inwards 34,500

Cash 51,000

Prepare:

* + 1. Profitandlossaccountfortheperiodended31stDecember2017.
    2. Balance sheet as at 31stDecember,2017. (10marks)

1. (a) Highlightfivebenefitsaccruingtoasellerwhousesthepersonalsellingmethod

to promote herproducts. (10marks)

(b)The following transactions relate to Furaha traders for the month of July,2008

July 1 : Balance brought down cash sh.16,250 and Bank Shs.19,847

July2 : Sold goods worth Shs.1,348 to Patel and received a calculator in exchange

July 5 : Paid transport by cheque Shs.2,000

July 6 : Issued a cheque to Kerio Traders setting an invoice for Shs.10,000 deducting 2%

cash discount

July 10: Transfer Shs.15 000 from cash till to bank

July 12: Sold goods for cash Shs.12,000 less 2% cash discount

July 13: Sold goods to Onyango on credit worth Shs.15, 000

July 14: The owner of the business withdrew Shs.3000 in cash to buy a present for his

daughter

July 16 : Received a cheque from Kuria Shs.2,500 less 5 % cash discount

July 22 : Bought furniture from Babu Traders on credit worth Shs.16,500 and cash

discount of 10% if payment is made within 2 weeks

July 24: Withdrew cash from bank for office use Shs8,000

July 26: The owner brought into the business Shs.9,000 cash

July 27: Issued a cheque to Babu Traders for amount due

July 28: Sold goods to Kuria worth Shs.5,000 for Shs.3,800 and received payment by

cheque

July 30: Banked all cash and remained with Shs.100 in the cash till

Required; Prepare Furaha Traders three column cash book for the month of July 2008.

(10 marks)

5. a)Explain**five**meansofwrittencommunication. (10marks)

b) Explain**five**measuresthatareadoptedbythegovernmenttoprotectconsumers

againstexploitation. (10marks)

1. (a) Explain**five**characteristicsofperfectcompetitionmarketstructure.(10marks)

( b) Commodity A and B are subtitute products. Using well label diagrams explain

how increase in supply of commodity A would affect the equilibrium price and quantity

demanded of commodity B. (10mks)

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