**565/2 – BUSINESS STUDIES – PAPER 2**

**NAME…………………………………………………………………**

**ADM NO…………………CLASS…………………**

**JULY/AUGUST 2024**

**TIME:2 ½ HOURS**

Instructions to candidates

1. Write your name in the spaces provided.
2. The paper consists of Six questions
3. Answers any **Five** questions in the spaces provided.
4. All questions carry equal marks
5. Non programmable electronic calculator may be used.
6. Candidates should answer questions in English.

**For Examiners use only**

|  |  |  |
| --- | --- | --- |
| **Question** | **Maximum Score** | **Candidates Score.** |
| 1. |  |  |
| 2. |  |  |
| 3. |  |  |
| 4. |  |  |
| 5. |  |  |
| **TOTALSCORE** | |  |

1 (a) Explain five characteristics of money. (10 marks)

(b) There has been a decline in the demand for wooden furniture. Explain five factors that may have caused this trend. (10 marks)

2 (a) Explain the procedure of making an insurance claim. (10 marks)

(b) Explain five measures that a country may take to reduce unemployment. (10 marks)

3 (a) The following trial balance was extracted from the books of Kibe Limited on 31st December 2016.

|  |  |  |
| --- | --- | --- |
| Details | Dr | Cr |
| 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 |  |
| Bank overdraft |  | 60,000 |
| Carriage outwards | 30,000 |  |

Additional information: closing stock was valued at Ksh 80,000

Required: Prepare a trading profit and loss account. (10 marks)

(b) Explain five importance of filing documents in an office. (10 marks)

4 (a) Explain five negative effects of inflation on the economy of a country. (10 marks)

(b) Julian runs a factory and has employed fifty workers. Explain five reasons why it would be beneficial to assign each worker a specific job in production. (10 marks)

5 (a) Explain five principles of co-operative societies. (10 marks)

(b) Kenya is looking forward to the realization of vision 2030. Explain five problems that may be encountered during implementation. (10 marks)

6 (a) Explain five benefits of a business to the society. (10 marks)

(b) On 1st March 2021, Omino had shs 40,000 in hand and shs 120,000 at bank. During the month, the following transactions took place:

March 2: paid rent shs 20,000 by cheque.

March 4: cash sales banked shs 42,000.

March 5: Kimani a debtor settled his account of shs 12,000 in cash less 5% cash discount.

March 7: Paid wages shs 8,000 in cash.

March 12: Withdrew shs 10,000 from bank for office use.

March 18: Paid Borabu,a creditor shs48000 in full settlement of his account after

deducting 4% cash discount.

March 23: Received a cheque for shs 19,000 from Salome after allowing her a cash discount of shs 1000.

March 31: Deposited all the cash into the bank except shs 15,000.

**Required**:Prepare a three column cash book and balance it off. (10 marks)