

THE KENYA NATIONAL EXAMINATIONS COUNCIL
Kenya Certificate of Secondary Education



565/2

BUSINESS STUDIES

Paper 2

Nov. 2023 - 2 ½ hours

Serial No.
28139371

Name: **Index Number:**

Candidate's signature: **Date:**

Instructions to Candidates

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) This paper consists of **six questions**.
- (d) Answer any **five** questions in the spaces provided after question 6.
- (e) All questions carry equal marks.
- (f) **Non-programmable** silent electronic calculators may be used.
- (g) **This paper consists of 16 printed pages.**
- (h) **Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**
- (i) **Candidates should answer the questions in English.**



For Examiner's Use Only

Question	Maximum Score	Candidate's Score
	20	
	20	
	20	
	20	
	20	
Total Score	100	



- 1 (a) Explain **five** advantages that may arise from overpopulation in a country. (10 marks)
- (b) Discuss **five** reasons for the growth of Savings and Credit Cooperative Societies (SACCOs) in Kenya. (10 marks)
- 2 (a) Explain **five** factors that may influence a business to make payments by use of a cheque. (10 marks)
- (b) The following balance sheet was prepared by the accounts clerk of Ufanisi Traders:

Ufanisi Traders
Balance Sheet
As at 31/12/2022

Details	sh.		sh.
Land and Buildings	770,000	Capital	900,000
Motor vehicles	600,000	Add: Net Profit	<u>282,000</u>
Furniture	100,000		1,182,000
Stock	90,000	Bank loan	400,000
Stationery	12,000	Creditors	47,000
Debtors	58,000	Salaries owing	21,000
Cash	<u>20,000</u>		
	<u>1,650,000</u>		<u>1,650,000</u>

Calculate the following:

- (i) Working Capital; (3 marks)
- (ii) Return on Capital; (2 marks)
- (iii) Current Ratio; (2 marks)
- (iv) Capital Employed; (2 marks)
- (v) Borrowed Capital. (1 mark)

- 3 (a) Explain **five** factors that could lead to an increase in supply of potatoes in the market. (10 marks)
- (b) Explain **five** ways in which transport contributes to the economic development of a country. (10 marks)
- 4 (a) Explain **five** ways in which insurance companies promote the development of the Kenyan economy. (10 marks)
- (b) Explain **five** monetary policies used by the Central Bank of Kenya to control money in circulation. (10 marks)

- 5 (a) The following is the Trial Balance of Jethan Traders as at 1st July 2022:

Items	Dr. (sh.)	Cr. (sh.)
Stock	75,500	
Creditors		450,400
Debtors	350,000	
Bank	260,400	
Fixed Assets	970,200	
Cash in Hand	120,500	
Capital		1,300,000
Lighting due		<u>26,200</u>
	<u>1,776,600</u>	<u>1,776,600</u>



During the month, the following transactions took place:

- July 5th: Paid creditors sh. 228,000 by cheque in full settlement of a debt after deducting 5% cash discount.
- July 15th: Withdrew sh. 100,000 from the bank account for office use.
- July 29th: Received sh. 160,000 cash from a debtor after allowing cash discount of sh. 40,000.

Required: Record the above transactions in the relevant ledger accounts and balance them off. (10 marks)

- (b) Explain **five** benefits of international trade. (10 marks)
- 6 (a) Discuss **five** factors to be considered when choosing a channel of distributing dry maize. (10 marks)
- (b) Explain **five** merits of preparing a journal in a business. (10 marks)