

## **2024 KCSE**

### **BUSINESS STUDIES**

#### **PAPER II**

#### **Answer any five questions in the spaces provided after question 6.**

1 (a)Guru,an entrepreneur wants his new products to reach the consumers. Explain five factors he would consider in choosing a distribution channel to use. (10 marks)

(b)Discuss five demerits of free trade to a country.(10 marks)

2 (a)Manji bought a car for business use. Describe five steps he will follow to obtain an insurance policy for the car. (10 marks)

(b)Kimali started transport business with one matatu. Over the years the number of matatus have increased to 40. Explain five factors that could have made his business to thrive. (10 marks)

3 (a)Explain five factors in the external environment that may positively influence the operations of a business. (10 marks)

(b) The following transactions relate to Mzabuni Traders for the month of November 2022.

Nov.1: Started business wwith Sh. 20,000 in cash and a bank overdraft of Sh. 10,000

2: Purchases of Sh. 15,000 in cash

5: Ngonde a debtor settled his account of Sh. 15,000 by issuing a cheque of Sh.12,000 and the rest by cash

7: Paid wages by cheque Sh.4,000

8: Received cash from Oloo, a debtor of Sh.3,500

9: Paid Warui,a creditor Sh.5,000 in cash

12: Received a cheque of Sh.7,250 from Maweu

15: Paid insurance Sh.2,000 by cheque

16: Deposited Sh.6,000 from the office till into the bank account

18: Purchased stock worth Sh.9,500 by cheque

- 20: Received a cheque of Sh. 10,000 from Mawea  
 21: Paid Sh.3,200 water bill in cash  
 24: Received Sh.8,600 from Ngonde in cash  
 28: Paid rent Sh.5,000 by cheque  
 30: Took all the cash and deposited into the bank account

Required:

Prepare a two-column cash book for the month of November 2022. (10 marks)

4 (a) Discuss five causes of unemployment in Kenya. (10 marks)

(b) Explain five reasons why people earning the same income may hold different amounts of money for transactions motive. (10 marks)

5 (a) Explain four types of capital in a business. (8 marks)

(b)(i) With the aid of a diagram, describe the effect of a shift in supply curve to the right while the demand curve remains constant. (6 marks)

(ii) Explain three factors that can lead to the shift in supply curve to the right. (6 marks)

6(a) The Government of Kenya intends to privatize some public corporations. Discuss five reasons that may have led to this decision. (10 marks)

(b) The following balances were extracted from the books of Jabali Enterprises on 1st January 2021.

	Sh.
Capital	1,000,000

Motor vehicle	400,000
Creditors	360,000
Loan	200,000
Debtors	160,000
Stock	120,000
Cash in hand	200,000
Cash at bank	280,000
Machinery	400,000

The following transactions took place during the year ending 31st December 2021.

- (i) Sold machinery worth Sh. 120,000, received Sh. 80,000 in cash and balance to be settled at a later date.
- (ii) Purchased goods worth Sh. 200,000 and paid Sh. 140,000 cash, remaining amount remained unpaid.
- (iii) Took Sh. 20,000 cash from the business kitty for personal use.

Required:

Prepare Jabali Enterprises balance sheet as at 31<sup>st</sup> December 2021

