**Name** :...............................................................................**Index Number**:......................................

**School** :..............................................................**Candidate’s Signature**: ........................................

**Date**: ........................... **Class**………………….

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**JULY 2024**

**TIME: 2 ½ HOURS**

**SULIMO JOINT EXAM 2024**

***Kenya Certificate of Secondary Education***

**Instructions to candidates**

* ***Write your Name, Index Number and School in the spaces provided.***
* ***Sign and Write the date of the examination in the spaces provided above,***
* ***This paper consists of SIX questions.***
* ***Answer any FIVE questions,***
* ***All questions carry equal marks.***
* ***Candidates should check if all questions are printed.***
* ***Candidates should answer all questions in English.***

**FOR OFFICIAL USE ONLY**

|  |  |  |
| --- | --- | --- |
| Question | Maximum Score | Candidate’s Score |
| 1 | 20 |  |
| 2 | 20 |  |
| 3 | 20 |  |
| 4 | 20 |  |
| 5 | 20 |  |
| 6 | 20 |  |
| **TOTAL** | |  |

1. (a) Explain five measures that government may take to solve unemployment problem in Kenya.

(10 marks)

(b) Using a well labeled diagram, illustrate the effects of an increase in demand on equilibrium price and quantity holding supply constant. (10 marks)

2. (a) Explain five monetary tools that Central Bank of Kenya may use to increase supply of money in the economy. (10 marks)

(b) Outline five differences between public corporations and private limited company.

(10 marks)

3. (a) Explain five benefits of an efficient taxation system to a country. (10 marks)

(b) Kenya has been experiencing an increase in the level of national income in the past five years. Explain five factors that might have contributed to this continued increase of the national income.

(10 marks)

4. (a) Explain five methods used by Kenyan government to protect consumers. (10 marks)

(b) Explain five reasons for trade restriction by a country. (10 marks)

5. (a) The accounts of Matt Traders showed the following balances on 1st January 2014.

Cash 250,000

Debtors 60,000

Creditors 42,000

Stock 30,000

Bank loan 120,000

Motor vehicle 310,000

The following transactions took place during the month of January 2014.

Jan 2: Bought stock worth Sh. 50,000 on credit.

Jan 3: Cash sales Sh. 80,000

Jan 5: Received Sh. 20,000 cash from debtors

Jan 10: Paid part of loan Sh. 70,000 cash

Jan 12: Paid creditors Sh. 52,000

Jan 16: Bought office furniture Sh. 45,000 cash

Jan 20: Paid salaries Sh. 40,000 cash

Jan 25: Deposited Sh. 100,000 into the bank

**Required**:

Record the above transactions in the r**elevant ledger accounts. (**10 marks**)**

(b) Explain five factors that may hinder entrepreneurial practise in Kenya currently. (10 marks)

6. (a) Explain five factors that a firm should consider before selecting the means of product promotion.

(10 marks).

(b) The following trail balance relates to Uchumi Traders as at 31.12.2022

UCHUMI TRADERS

TRIAL BALANCE

AS AT 31.12.2022

|  |  |  |
| --- | --- | --- |
| **DETAILS** | **DR** | **CR** |
| Purchases and sales | 400 000 | 580 000 |
| Stock 1.1.2022 | 60 000 |  |
| Returns | 20 000 | 50 000 |
| Debtors and creditors | 65 000 | 20 000 |
| Bank |  | 20 000 |
| Premises | 540 000 |  |
| Machinery | 200 000 |  |
| Fixtures and fittings | 100 000 |  |
| Carriage outwards | 8 000 |  |
| Wages and salaries | 30 000 |  |
| Discounts | 25 000 | 32 000 |
| Commissions | 16 000 | 14 000 |
| Cash | 70 000 |  |
| Capital |  | 818 000 |
|  | **1 534 000** | **1 534 000** |

Additional information;

Closing stock was valued at s. 70 000.

**Required:**

1. Trading, profit and loss account for the year ended 31st December, 2022.
2. Balance sheet as 31st December, 2022. (10 marks)