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– **BUSINESS STUDIES** – Paper 2



Apr. 2021 – 2½ hours

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	



1. (a) Explain **five** measures that the government may take to solve youth unemployment in Kenya. (10 marks)
- (b) Explain **five** reasons for consumer protection. (10 marks)
2. (a) Explain **five** principles of Government spending. (10 marks)
- (b) Explain **five** trends in office management. (10 marks)
3. (a) Post the following transactions to the relevant ledger accounts and balance them off.
- | | | | |
|-----------|---|---|------------|
| 1/3/2018 | – | Started a business with Ksh 100,000 at the bank. | |
| 2/3/2018 | – | Bought a motor vehicle worth Ksh 800,000 on credit from General Motors. | |
| 4/3/2018 | – | Withdrew Ksh 20,000 from bank for office use. | |
| 6/3/2018 | – | Bought stock worth Ksh 30,000 paying by cheque. | |
| 10/3/2018 | – | Made cash sales of Ksh 15,000. | |
| 10/3/2018 | – | Took cash Ksh 8,000 to pay hospital bills. | (10 marks) |
- (b) Explain **five** benefits of intermediaries to the consumer in the chain of distribution. (10 marks)
4. (a) Explain **five** benefits of a savings account to a customer. (10 marks)
- (b) Explain **five** ways in which a warehouse may promote trade. (10 marks)

5. (a) The following is an extract of a trial balance from the books of Adan Traders as at 31 December 2018.

Adan Traders
Trial Balance as at 31 December 2018

Details	Dr.	Cr.
Premises	1,120,000	
Debtors and creditors	55,000	37,300
Cash in hand	65,000	
Cash at bank	80,000	
Discounts	15,000	2,400
Salaries and wages	27,000	
Commission	16,600	9,000
Power and lighting	11,700	
Furniture	49,000	
Capital		1,301,800

Additional information:

Stock of goods on 31 December 2018 Ksh 25,000
Gross profit Ksh 120,000

Required:

- (i) Prepare Adan Traders Profit and Loss Account for the period ended 31 December 2018. (5 marks)
- (ii) Prepare a Balance Sheet as at 31 December 2018. (5 marks)
- (b) Explain **five** benefits of communication to a business. (10 marks)
6. (a) Explain **five** reasons that may make it necessary for the government to promote entrepreneurship. (10 marks)
- (b) Explain **five** advantages of indirect production to the society. (10 marks)

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