**NAME ………………………………..…………………DATE ……………………………….**

**INDEX NO. …………….……….……..…..…………… CANDIDATE’S SIGNATURE …………..…**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**TIME: 2 ½ HOURS**

**GOLDEN ELITE EXAMINTIONS 2020**

***Kenya Certificate of Secondary Education***

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**TIME: 2 ½ HOURS**

**INSTRUCTIONS TO THE CANDIDATES**

Answer any **FIVE** questions

All questions carry equal marks

All working must be shown

***This paper consists of 2 printed pages.***

***Candidates should check to ensure that all pages are printed as indicated and no questions are missing***

1. **a)** Explain five causes of unemployment in Kenya. (10 **Marks**)

**b)** Explain five circumstances that would influence a producer to use wholesalers in distributinghis produce. (10 **Marks**)

1. **a)** Explain five ways in which the insurance industry contributes to the development of Kenya’s economy. (10 **Marks**)

**b)** Explain five demerits of government involvement in the running of public corporations.

(10 **Marks**)

1. **a)**  Explain five factors that may be considered in determining the appropriate channel fordistributing goods. (10 **Marks**)

**b)** Explain five reasons why business organizations may merge with one another. (10 **Marks**)

1. **a)** Explain five benefits that a country would get by encouraging investors to locate industries in rural areas. (10 **Marks**)

**b)** On 1st May 2010 Musa Traders had sh. 15, 000 cash in hand and Sh. 160, 450 at bank.During the month, the following transactions took place.

May 2 Bought goods for Sh. 5, 400 and paid by cheque.

May 8 Received sh. 7, 200 cash from a debtor

May 15 Paid a creditor Sh. 18, 300 by cheque

May 16 Paid salaries sh 4, 200 in cash

May 18 Sold goods for sh. 9, 200 and was paid by cheque

May 20 Withdrew sh. 30, 000 from bank for office use

May 25 Received sh.8, 000 cash from a debtor

May 28 Paid general expenses sh. 4, 000 cash.

May 29 Deposited sh.10, 000 cash in bank

May 30 Paid for electricity sh. 2, 500 by cheque

Record the above transactions in a two column cash book and balance it off. (10 **Marks**)

1. **a)** Explain five ways which traders can apply to attract more customers. (10 **Marks**)

**b)** Explain five factors that could affect the quantity of cabbages supplied in a Market. (10 **Marks**)

1. **a)** Explain five factors to consider when choosing an appropriate means of transport. (10 **Marks**)

**b)** The following balances were extracted from the ledger accounts of Bidii traders for the yearended 31st December 2010.

Capital 940, 000

Bank 100, 000

Accrued expenses 20, 000

Debtors 60, 000

Creditors 60, 000

Stock 100, 000

10 Years Bank loan 200, 000

3 year ICDC loan 100, 000

Vehicle 300, 000

Plant and machinery 200, 000

Land 500, 000

Drawings 40, 000

Cash 20, 000

Using these balances prepare Bidii traders trial balance for that year dully balanced.(10 **Marks**)