

KCSE TRIAL 2020

BUSINESS STUDIES PAPER 2

Answer Any Five Questions

1. (a) Explain **five** measures which the government can take in order to reduce unemployment. (10 marks)
(b) Explain **five** features of a good filing system. (10 marks)

2. (a) Explain **five** roles played by the central bank in the economy of our country. (10 marks)
(b) Discuss **five** circumstances when a business may extend credit to a buyer. (10 marks)

3. (a) Explain **five** ways in which the efficiency of a warehouse may be guaranteed. (10 marks)
(b) On 1st Jan 2017, Dona Traders had sh.110,000 in hand and sh.50,000(cr) Bank. During the month, the following transactions took place:

Jan 2: Cash sales sh.40,000
Jan 3: Paid postage expenses sh.4,100 in cash
Jan 5: Received the following cheques from debtors after they had deducted a cash discount of 2% in each case. Kamau Ksh.2450, Laban Ksh.9604 and Tugi Ksh.2774.
Jan 9: Paid the following creditors in cash and in each case deducted 2% cash discount, Willy Ksh.2000 and Yala Ksh.6000
Jan 13: Cash sales directly banked Ksh.10,000
Jan 16: Took Ksh.11,000 from the office and deposited in the business bank account.
Jan 19: Sold goods worth Ksh.18,000 on Credit to Kiyoma.
Jan 21: Received Ksh.18,000 cash from Oman in settlement of Ksh.20,000.
Jan 26: Banked all cash leaving Ksh.4000 only.

Required: Prepare a duly balanced three column cash book (10 marks)

4. (a) Outline **five** factors that positively influence entrepreneurial practices in Kenya. (10 marks)
(b) The Kenya National Bureau of Statistics releases annual publications of national income statistics. Explain five uses of such statistics. (10 marks)

5. (a) Explain **five** reasons for which traders observe ethical practices in product promotion. (10 marks)
(b) Explain **five** factors that may dictate a certain firm to be located near its raw materials source. (10 marks)

6. (a) Explain **four** reasons why the government may opt to privatize a parastatal. (8 marks)

(b) Keme Enterprise had the following credit sales during the first week of March 2020.

March 1st: Credit sales to the following debtors:
Omwenga Sh4000, Invoice No. 003, Norah Sh.5000 and Wanjohi Sh.3000.

March 2nd: Credit sales to Omwenga Sh.500

March 3rd: Credit sales to Susan Sh.2000

March 4th: Credit sales to Norah Sh.1000 and Wanjohi Sh.3000

Required:

- (i) Record the above transactions in the relevant journal (7 marks)
- (ii) Post the above transactions in the sales ledger (3 marks)