

NAME.....

INDEX

NO.....

CANDIDATE SIGNATURE

.....

DATE

.....

565/2

BUSINESS STUDIES

PAPER 2

JULY/AUGUST 2013

2½ HRS

**LENOCET EVALUATION TEST
KENYA CERTIFICATE OF SECONDARY EDUCATION**

565/2

BUSINESS STUDIES

PAPER 2

2½ HRS

INSTRUCTIONS TO CANDIDATES:

- (a) Write your name and index number in the spaces provided above
- (b) Sign and write the date of examination in the spaces provided above
- (c) Answer **ANY FIVE** questions in this paper.
- (d) **FOR EXAMINER USE ONLY**
ALL your answers must be in the answer booklets.

1	2	3	4	5	6	Candidate Score

1. (a) Explain **five** effects of external environment on a business. (10 marks)
- (b) State and explain **five** factors that influence the level of national income in a country. (10 marks)
2. (a) Outline the procedure for buying shares. (10 marks)
- (b) On 1st January 2009, Tom had sh. 200, 000 in hand and sh. 40, 000 bank overdraft. During the month the following transactions took place.
- January 3. Cash sales sh. 30,000.
4. Paid electricity bill sh. 3,200 in cash
7. Received the following cheques from debtors after they had deducted a cash discount of 2 % in each case.
Kamau sh. 1,372, Omolo sh. 9,800, Koech sh. 2,940.
10. Paid the following creditors and in each case deducted 2% cash discount.
Juma sh. 2,000, Njue sh. 5,000, Dida Sh. 1,000.
11. Cash sales directly banked sh. 10,000.
- 13 Took sh. 15000 from the office to the bank.
16. Sold goods worth sh. 6,000 on credit to Kiyapi.
19. Took sh. 9,000 from the business to pay school fees for children.
24. Received sh. 14,000 from Kimani in settlement of his account of sh. 15,000
28. Paid the following creditors by cheque and in each case deducted 10% cash discount.
Halima sh. 4,000, Asha sh. 7,000
- Required:* Draw a three column cash book and balance it off. (10 marks)
3. (a) State and explain **five** benefits that would accrue to a country that adopts pipeline transport to transport its oil. (10 marks)
- (b) Explain **five** causes of unemployment in Kenya. (10 marks)
4. (a) State and explain **five** new trends in the banking industry. (10 marks)
- (b) Explain **five** limitation of using Consumer Price Index (CPI) to measure the level of inflation in a country. (10 marks)
5. (a) Explain **six** essentials of a good warehouse. (2 marks)

(b)

Mkenya Traders
Trial Balance
As at 31st Dec. 20-2.

	DR Sh.	CR Sh.
Purchase	70,000	
Bad debts	4,000	
Stock 1/1/ 20-1	12,500	
Sales		95,000
Fixed Assets	82,000	
Creditors		8,500
Debtors	10,500	
Salaries	14,000	
Bank Overdraft		7,500
Returns Outwards		2,400
Cash in Hand	2,500	
General expenses	5,200	
Returns inwards	1,500	
Capital		88,800
	<u>202,200</u>	<u>202,200</u>

Additional information:

Closing stock was valued at sh. 6,500

Salary outstanding was sh. 2,800

Prepare a trading profit and loss account for the year ended 31st Dec. 20-2 (8 marks)

6. (a) State and explain **five** services offered by wholesalers to retailers. (10 marks)

(b) State and explain **five** reasons why a country would carry out development planning before undertaking its projects. (10 marks)