

565/2
BUSINESS STUDIES
PAPER 2
JULY/AUGUST 2013
TIME: 2½ HOURS

KIHARU/KAHURO DISTRICT JOINT EXAMINATION – 2013

Kenya Certificate of Secondary Education
BUSINESS STUDIES
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TIME: 2½ HOURS

Instructions to candidates:

- (a) This paper consists of **SIX** questions.*
- (b) Answer any five questions.*
- (c) Write your answers in the answer booklet provided.*
- (d) All questions carry equal marks.*

1. (a) Discuss **five** negative effects of inflation in an economy. (10 marks)
- (b) Explain **five** differences between monopolistic market structure and monopoly market structure. (10 marks)
2. (a) Since the year 2005 many small business in Kenya have expanded and grown into large enterprises. Explain **five** causes of business success in Kenya. (10 marks)
- (b) Explain **five** principles of public expenditure. (10 marks)
3. (a) Explain **five** principles of insurance. (10 marks)
- (b) On 1st February 2010, Juma traders had cash in hand of Shs.10,000 and cash at bank of Shs.15,000. The following transactions took place during the month.
- Feb 2: Bought goods in cash Shs.1,500.
- Feb 5: Received cheques from the following debtors after allowing a 2% discount in each case Luka Kshs.980 and Reja Shs.1,470.
- Feb 7: Paid the following accounts by cheque in each case deducting a 5% discount Milo Shs.3,000 and Mango Kshs.1,200.
- Feb 12: Jambi settled her account of Kshs.2,000 in cash and deducted 2% cash discount.
- Feb 14: Cash sales Shs.2,000.
- Feb 15: Received cash from Abdul Shs.2910 after having allowed him a 3% cash discount.
- Feb 16: Banked all the cash a part from Shs.1,000.
- Required:
Prepare a **three** column cashbook and balance it off. (10 marks)
4. (a) Explain **five** advantages enjoyed by a customer who utilizes M-banking. (10 marks)
- (b) Explain **five** measures that Kenya can take to solve the problem of unemployment. (10 marks)
5. (a) Explain **five** uses of national income statistics to an economy. (10 marks)
- (b) Explain **five** reasons why countries prepare development plans. (10 marks)

6. (a) Explain **five** differences between public corporation and public limited companies. (10 marks)
- (b) The following balances were extracted from the books of accounts of Mambo Leo Enterprises as at 31st December 2010.

	Shs.
Stock (31 st December 2010)	294,600
Carriage outwards	20,000
Carriage inwards	31,000
Return outwards	32,200
Purchases	1,187,000
Sales	1,851,000
Discounts received	19,000
Salaries and wages	362,800
Discounts allowed	30,400
Insurance	36,800
Stock (1 st January 2010)	236,000

Required

Prepare the trading, profit and loss account for the year ended 31st December 2010. (10 marks)