

NAME..... INDEX NUMBER...../.....

DATE OF EXAMINATION.....CANDIDATE'S SIGNATURE.....

SCHOOL:.....

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**JULY / AUGUST 2016**

**TIME: 2½ HOURS**

***Kenya Certificate of Secondary Education***

**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.
- (e) Write your answers in the spaces provide after question six.
- (f) All questions carry equal marks.
- (g) This paper consists of 3 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**

<b>Question</b>	<b>Maximum Score</b>	<b>Candidate's Score</b>
<b>1</b>	<b>20</b>	
<b>2</b>	<b>20</b>	
<b>3</b>	<b>20</b>	
<b>4</b>	<b>20</b>	
<b>5</b>	<b>20</b>	
<b>6</b>	<b>20</b>	
	<b>Total Score</b>	

1. a) Explain **five** factors that may have contributed to the slow pace in the achievement of most African trade agreements. (10marks)
- b) Explain **five** personal attributes of an office worker. (10marks)
2. a) The Kenyan Community has great disparity in income distribution. Explain **five** causes of this disparity. (10marks)
- b) Despite their poor performance, the government is still interested in operating public corporations in the country. Explain **five** reasons why this is so. (10marks)
3. a) Make the necessary journal entries using the transactions given below. (10marks)

2016

June 3<sup>rd</sup>: Bought a weighing machine on credit worth Ksh 60,000 from Makenji wholesalers.

4<sup>th</sup>: Converted a personal car worth Ksh 500,000 into business asset.

7<sup>th</sup>: Sold an old tractor on credit to Onyango worth Ksh 75,000.

20<sup>th</sup>: Correction of an error having sold a typewriter on credit to Kagumo but wrongly debited to Kigumo account Ksh 10,000.

25<sup>th</sup>: Sold a book shelf valued at Ksh 80,000 for Ksh 76,000 to Heshima on credit.

28<sup>th</sup>: Sold a table worth Ksh 3,000 to Tommy on credit for Ksh 3,500.

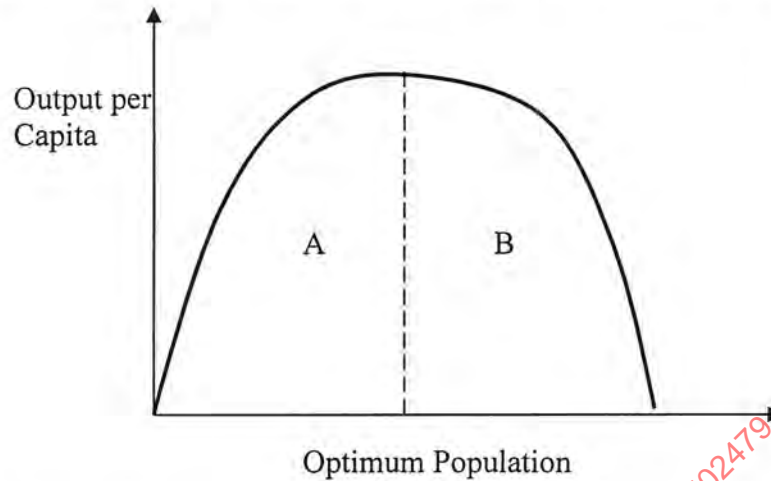
- b) The following table shows the percentage contribution in each of the three levels of production in generating income to a country

Level of production	Primary	Secondary	Tertiary
% Income Contribution	60	30	10

Explain **five** factors that may have led to a higher proportion of income contributed by the primary level. (10marks)

4. a) Explain **five** trends in road transport in Kenya. (10marks)
- b) Explain **five** measures that a country may take to ensure proper development planning. (10marks)

5. a) The diagram below represents the population output per capita of a certain country. Explain **five** challenges to the country if her total population is found at the part marked **A**.



- b) IVY-JUNE partnership was converted into IVY-JUNE Ltd Company. Explain **five** benefits that may accrue as a result of this conversion. (10marks)
6. a) Explain **five** circumstances that would influence a producer to use wholesalers in distributing farm produce. (10marks)
- b) The following trial balance was extracted from the books of Barca investments as at 31 .12 .2014

	DR.	CR.
Sales/purchases	420,000	980,000
Discounts	40,000	36,000
Returns	25,000	32,000
Building	800,000	
Cash	90,000	
Bank	320,000	
Salaries	140,000	
Debtors/Creditors	256,000	168,000
Loan		340,000
Insurance	86,000	
Rent		40,000

**Additional Information**

- (i) Stock at end of period was shs. 54,000  
(ii) Salaries accrued end of year was shs. 26,000  
(iii) Prepaid insurance by Dec. 31.2006 was shs. 10,000

**Required**

- (i) Trading, Profit and Loss account  
(ii) Balance sheet