

Name----- Adm. No ----- Class-----

Date-----

565/2  
Business Studies  
Paper 2  
July 2015  
Time: 2 ½ hrs



Mangu High School  
Kenya Certificate of Secondary Education (KCSE)  
Business Studies  
Paper 2  
July 2015  
Time 2 ½ hours

Instructions to candidates

- This paper consists of 5 questions
- Answer all questions in the spaces provided
- This paper consists of 3 printed pages
- Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing

For examiners use only

Q1	
Q2	
Q3	
Q4	
Q5	
Total marks	

1. a) Explain six contributions made by the insurance industry in the economy (12 mks)
- b) Explain any four fiscal policy measures adopted by the government to control inflation (8 mks)
2. a) Outline five benefits that would accrue to a country that encourages entrepreneurship (10 mks)
- b) The following information relates to Kianyaga Stores for the year ended 31<sup>st</sup> December 2013

Opening stock	150,000
Closing stock	230,000
Bank	30,000
Cash	40,000
Current liabilities	500,000
Sales	920,000
Margin	25%
Expenses	15% of sales

Determine:

- i) Gross profit (2 mks)
  - ii) Cost of sales (2 mks)
  - iii) Mark-up (1 ½ mks)
  - iv) Purchases for the year (2 mks)
  - v) Net profit (2 ½ mks)
3. a) A certain businessman needs to place an order with his suppliers. Explain to him any five factors that he should consider before choosing the appropriate means of communication (10 mks)
  - b) Explain five adjustments that need to be made in national income accounting when using the expenditure approach (10 mks)
  4. a) Outline four differences between perfect competition and monopolistic competition (8 mks)
  - b) Explain six ways in which the central bank acts as a banker to the government (12 mks)
  5. a) Explain five advantages of landscape office layout (10 mks)
  - b) Explain five errors that do not affect the balancing of a trial balance (10 mks)