

NAME INDEX NUMBER

SIGNATURE

DATE

565/2
BUSINESS STUDIES
PAPER 2
JULY/AUGUST 2016
TIME: 2½ HRS

KERICHO WEST JOINT EVALUATION EXAMINATION
KENYA CERTIFICATE OF SECONDARY EDUCATION (K.C.S.E)

BUSINESS STUDIES

Paper 2

Time: 2½ hours

INSTRUCTIONS TO CANDIDATES

- This paper consists of six questions
- Answer any **FIVE** questions from the .
- All questions carry equal marks

FOR EXAMINER'S USE ONLY

Question	1	2	3	4	5	6	Total
Marks							

This paper consists of 3 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing.

1. a) Describe five documents prepared by the seller before goods are actually delivered to the buyer. (10 mks)
- b) Explain five measures that the Kenya government may put in place to reduce the amount of money circulating in the economy. (10 mks)
2. a) Discuss five roles of stock exchange as a market for securities. (10 mks)
- b) Explain five ways through which the government of Kenya can finance its balance of payment deficit. (10 mks)
3. a) Unemployment has been listed as one of the major challenges facing Kenya today. Explain five causes of unemployment. (10 mks)
- b) The following account balances relate to Narok Enterprises as at 30th September, 2014.

	shs		Sh
Cash in hand	1,200	Cash in Bank	11,000
Stock (1/10/2013)	13,500	Debtors	8,000
Returns inwards	500	Creditors	10,000
Sales	56,000	Purchases	20,500
Capital	25,500	Postage	200
Salaries	14,900	Drawings	900
Water	600	Stock (30/09/2014)	21,000
Furniture	7,500	Bank loan	30,000
Motor cylce	35,000	Rent received	1,200
Office rent	1,700	Returns outwards	300

Required;

- i) Prepare a trial balance of the business. (5 mks)
- ii) Prepare trading, profit and loss account for the year ended 30/09/2014. (5 mks)
4. a) Discuss five principles that distinguish co-operative societies from other forms of business units. (10 mks)
- b) Explain five circumstances that would influence a manufacturer to use wholesalers in distributing finished products. (10 mks)

5. a) Kenya hopes to be a business hub in Africa by year 2030. Discuss five factors that may hinder the realization of this goal. (10 mks)
- b) Highlight five challenges in computing the consumer price index (CPI) (10 mks)
6. a) Describe the procedure for claiming compensation from an insurance firm after the death of the assured. (10 mks)
- b) The following transactions relating to Mutai wholesalers took place in the month of March 2015.
- March 2: Barngetun Traders returned goods worth shs 2800 (credit No. 1080)
- March 10: Sosiot Traders returned goods worth shs 1200 (Credit note No. 1081)
- March 15: Goods worth sh 800 were returned to Safina Traders (Credit note No. 1021)
- March 20: Returned goods worth sh 600 to Baibai Traders (Creditors note No. 1038)
- March 22: Goods worth sh 10,000 were returned by Ukweli Ltd (Credit Note No. 1017)
- March 25: Kokwon Traders returned damaged goods worth sh 5,000 (Credit note No. 1021)
- March 30, Cherotich Traders returned goods worth shs 4,000 (Credit Note No. 1024)

Required;

- i) Prepare returns inwards journal of Mutai wholesalers as at 30th March, 2015. (4 mks)
- ii) Post the information to relevant ledger accounts. (6 mks)