

Name..... Index No:.....

School..... Candidate's Signature .....

Date: .....

565/2

**BUSINESS STUDIES**

**PAPER 2**

**JULY-AUGUST- 2016**

**TIME: 2 ½ HOURS**

**KAKAMEGA SOUTH SUB-COUNTY JOINT EVALUATION TEST – 2016**

**Kenya Certificate of Secondary Examination ( KCSE)**

565/2

**BUSINESS STUDIES**

**PAPER 2**

**INSTRUCTIONS TO CANDIDATES**

- *Answer any five questions*
- *Write your answer in the booklet provided*
- *All questions carry equal marks*

**For Examiners Use Only**

Question	1	2	3	4	5	6
Marks						
<b>TOTAL MARKS</b>						

*This paper consists of 4 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing*

**SECTION A**

1. (a) Explain five ways in which insecurity negatively affects running of business activities in Kenya. (10mks)
- (b) Explain five reasons why mobile banking services are becoming increasingly popular in Kenya. (10mks)
2. (a) The table below shows the trends in inflation rates in a country

<b>Year</b>	<b>inflation rates</b>
2010	7%
2011	15%
2012	21%

Explain four causes that would have triggered the increasing inflation trends in the country (8mks)

(b) The following trial balance was extracted from the books of Goldmine Traders as at 31<sup>st</sup> December, 2014.

**Goldmine Traders**  
**Trial Balance**  
**As at 31<sup>st</sup> Dec, 2014**

	<b>Debit Shs.</b>	<b>Credit shs.</b>
Sales		1,200,000
Purchases	500,000	
Carriage inwards	30,000	
Carriage outwards	15,000	
Returns	40,000	50,000
Discounts	35,000	20,000
Commission	10,000	17,000
Rent Expense	100,000	
Salaries	450,000	
Capital		1,363,000
Land and Buildings	2,600,000	

Furniture	100,000	
Stock (1 <sup>st</sup> Jan 200 9)	600,000	_____
	<u>2,665,000</u>	<u>2,665,000</u>

- (a) Depreciation is to be charged at 5% p.a on furniture
- (b) Rent prepaid Kshs 10,000
- (c) Salaries accrued Kshs.15,000
- (d) Closing stock Kshs.200,000

Required: Prepare a trading and profit and loss account for the year ended 31<sup>st</sup> December 2014

12mks)

- 3. (a) Outline six differences between oligopoly market and perfect competition market situations (12mks)
- (b) Explain four elements that constitute Micro-environment of a business (8mks)
- 4. (a) Highlight five ways of preparing goods for sale in a warehouse (10mks)
- (b) Record the following transactions in a double column cash book (10mks)

**2011**

- Sept.1 Cash in hand Ksh.11, 000 and cash at bank Ksh. 18, 8000
- Sept.4 Sold goods for Ksh 5,000 cash
- Sept. 6 Received a cheque from Mercy, a debtor, Ksh 5,800
- Sept.7 Deposited Ksh.8000 into the Bank from the cash till
- Sept.10 Ochieng' a creditor, was paid ksh 12,000 by cheque.
- Sept.12 Goods were sold for ksh 24,000 and ksh 16,000 was received by cheque while the balance was to be received later
- Sept.15 Furniture was bought for ksh 9,600 by cheque
- Sept.18 Ksh 12,000 was withdrawn from bank for business use.
- Sept.21 Bought goods worth shs 22000 and sh,2800 paid by cheque and the rest by cash
- Sept.29 Cash shs. 4800 paid to Ambulwa, a creditor.

5. (a) With the help of a diagram ,describe excess supply and excess demand (10 mks)
- (b) Explain five principles of insurance (10mks)
6. (a) Explain five importance of entrepreneurship to the economy (10mks)
- (b) Explain five measures that may be taken by the government to promote the volume of exports (10mks)