

NAME:..... INDEX NO:.....

GATUNDU SOUTH JOINED EVALUATION EXAM

Kenya Certificate of Secondary Education

565/2

BUSINESS STUDIES

PAPER 2

JULY/AUGUST 2016

TIME: 2 ½ HOURS

INSTRUCTIONS TO CANDIDATES

- ❖ This paper consists of six questions.
- ❖ Answer any five questions on the answer sheets provided.
- ❖ All questions carry equal marks.

1. (a) Explain five external business environments and how they influence a business negatively. (10 Mks)  
(b) Describe five types of unemployment. (10 Mks)
2. (a) Explain five services a wholesaler may offer to a manufacturer. (10 Mks)  
(b) Outline five measures that a country may take to correct her Balance of payments (B.O.D) deficit. (10 Mks)
3. (a) Explain any five principles of insurance. (10 Mks)  
(b) Highlight five measures that the Kenya government should take to control the high rate of inflation. (10 Mks)
4. (a) Explain five services commercial banks may offer to a customer. (10 Mks)  
(b) Explain five factors that influence the level of national income. (10 Mks)
5. (a) Outline five differences between a public limited company and a cooperative society. (10 Mks)  
(b) Describe five channels that may be used to distribute an exported agricultural product. (10 Mks)
6. (a) Explain four services that facilitate communication. (8 Mks)  
(b) The following trial balance was prepared from the books of Joska Traders as at 31<sup>st</sup> Dec 2014.

Joska Traders  
Trial balance  
As at 31<sup>st</sup> Dec. 2014.

	Dr Shs	Cr Shs
Sales		90,000
Purchases	60,000	
Returns Inwards	8,000	
Returns Outwards		2,000
Carriage Inwards	4,000	
Carriage Outwards	300	
Stock (Jan 2014)	10,000	
Rent	6,000	
Creditors		10,000
Debtors	29,000	
Interest expense	1,800	
General expense	700	
Capital		17,800
	119,800	119,800

Closing stock was valued at Shs 10,000.

Required:-

- (i) Prepare a Trading and profit and loss account for the period ended 31<sup>st</sup> Dec. 2014.
  
- (ii) Calculate;
  - (a) Mark-up.
  - (b) Margin.
  - (c) Rate of stock turnover.