

Name: _____ Adm No.: _____

Candidate's Signature: _____

Date: _____

565/2

BUSINESS STUDIES

Paper 2

MARCH/APRIL 2017

Time: 2½ hours

MOI HIGH SCHOOL - KABARAK

Kenya Certificate of Secondary Education

565/2

Paper 2

BUSINESS STUDIES

2½ hours

Instructions

- Answer any **FIVE** questions.
- Use the material provided.

1. a) Explain **five** advantages of division of labour. (10 marks)
- b) Explain **five** problems in calculating national income using the output approach. (10 marks)
2. a) Describe **five** means of written communication (10 marks)
- b) Outline **five** ways a country may control her imports so as to correct her Balance of payment disequilibrium. (10 marks)
3. a) Explain **four** measures that can be taken to control demand pull inflation (8 marks)
- b) Kivunja started business on 1st January 2017 with capital sh. 210,000 in cash. The following transactions took place during the first week of the month: 2017
 - Jan 2: Opened a bank account and deposited cash. Sh. 90,000
 - 3: Bought stock of goods Sh. 40,000 on credit
 - 4: Cash sales paid direct into the bank Sh. 12,000
 - 5: Paid rent Sh. 2,000 in cash
 - 5: Sold goods Sh. 21,000 payment received by cheque.
 - 6: Bought office equipment for Sh. 150,000 by cheque
 - 7: Received a commission from Taptok traders Sh. 1,000 cash

Required:

Prepare the relevant accounts, balance them off on 7th January, 2017 and extract a trial balance as at that date. (12 marks)

4. a) Explain **five** insurance policies you would advise your principal to take as he/she insures your school resources. (10 marks)
- b) Using a diagram, explain the effect on the decrease in supply on equilibrium price and quantity while demand is constant. (10 marks)
5. a) Explain **five** problems associated with youthful population (10 marks)
- b) Explain **five** roles of central bank in an economy (10 marks)
6. a) Explain **four** services that are offered by retailers to consumers (8 marks)
- b) The following trial balance relates to Belion traders for the period ended 31st December 2016:

Belion traders		
Trial Balance		
As at 31/12/16		
Items	Dr(Sh)	Cr(Sh)
Gross profit		800,000
Buildings	1,800,000	
Debtors	400,000	
Creditors		375,000

Stock	650,000	
Bank	250,000	
Cash	80,000	
General expenses	240,000	
Discount allowed	21,000	
Discount received		30,000
Commission received		15,000
Furniture	480,000	
Capital		2,701,000
	3,921,000	3,921,000

Additional information

- i) Stock on 1st January 2016 was valued at Shs. 580,000
- ii) Profit margin was 20%

Required:

Trading profit and loss account for the period ended 31st December 2016 and a balance sheet as at that date. (12 marks)

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