

Name: Index No:

Candidate's signature.....

Date.....

Muungano KCSE Trial Exam

565/2

BUSINESS STUDIES

PAPER 2

July 2017

2½ Hours

INSTRUCTIONS TO CANDIDATES

This paper contains ~~six~~ questions; you are required to answer any **five** questions.

All questions carry equal marks

Answer the questions in the booklet provided

This paper consists of 2 printed Pages

Candidates should check the question paper to ensure that all the pages are printed as indicated

and no questions are missing

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1. (a) **Explain five challenges** faced in the satisfaction of human wants. (10mks)
- (b) **Explain five reasons** why it is easy to start a sole proprietor business organization. (10mks)
2. (a) **Explain any five factors** that may influence the supply of mangoes in the economy. (10mks)
- (b) **Explain five roles** played by intermediaries in the chain of distribution. (10mks)
3. (a) **Describe any five** accounting documents used in home trade. (10mks)
- (b) **Explain five roles** played by commercial banks in the development of a country's economy. (10mks)
4. (a) **Explain any five** principles of a good tax system. (10mks)
- (b) Owino Traders had the following balances as at 31st December 2010

Rent	48,000
Lighting	7,200
Water	9,220
Salaries	72,500
Commission received	9,870
Discount allowed	4,600
Discount received	8,500
Gross profit	320,000
General expenses	98,000
Stock	25,250
Motor vehicle	2,300,000
Furniture and Equipment	650,000
Debtors	270,000
Creditors	396,400
Bank	200,000
Cash	50,000
Capital	3,000,000

Required

- (i) **Prepare Profit and loss account** for the year ended 31st December 2010. (5½mks)
- (ii) **Balance sheet** as at 31st December 2010 (4½mks)
5. (a) Primary level of production is the major contributor of gross national product in developing countries as compared to other levels of production. **Explain five reasons** for this. (10mks)
- (b) **Explain five problems** that the insurance industry is facing in Kenya today. (10mks)
6. (a) **Explain five challenges** that may be experienced by new entrepreneur intending to start a business in Kenya.
- (b) **Discuss five effects** of inflation in the Kenyan economy. (10mks)