

NANDI EAST, NANDI SOUTH & TINDERETSUB-COUNTIES JOINT EVALUATION 2016**BUSINESS STUDIES****565/2****PAPER 2**

1. (a) In every business, there are documents containing information that forms a basis of making entries in the Books of Accounts. Explain **five** types of these documents. (10mks)
- (b) Explain **five** reasons for the increased use of M-Pesa among Kenyans today. (10mks)
2. (a) Mrs. Baraka, a trader had the following cash transactions starting 1st January 2016.
 - Jan 1 Balance b/d cash 5,000 bank 15,000
 - 2 Bought goods for sale and paid by cheque 4,000
 - 9 Paid insurance 150 cash
 - 12 Received 250 cash from Mr. Kibet
 - 14 Deposited 1,000 in the bank
 - 16 Received by cheque 2,000 from Mchana
 - 20 Withdrew 7,500 from bank for office use.
 - 23 Paid wages 900 by cheque.
 - 26 Received payment of 7,500 cheque from Joy Enterprises after allowing discount of shs. 100
 - 28 Paid electricity 3,000 cash
 - 30 Paid water 1,500 in cash
 - 31 Settled Korir Traders account of sh. 2,250 and received a 10% discount.
 Enter the above transactions in a three-column cashbook. (12mks)
- (b) Explain **four** means of payment provided by the post office. (8mks)
3. (a) Highlight **five** differences between perfect competition market and monopolistic competition market. (10mks)
- (b) Discuss **five** factors that should be considered when buying office equipment. (10mks)
4. (a) Explain **five** ways through which inflation may be controlled other than the use of monetary policy. (10mks)
- (b) Outline **five** circumstances that would make a person prefer a taxi rather than a matatu. (10mks)
5. (a) The table below shows prices and quantity of a crate of tomatoes supplied at Kapsabet Market for the last quarter of year 2015.

Month	Quantities supplied	Price
October	20,000	1,000
November	30,000	1,000
December	35,000	1,000

- (b) Explain **five** factors that may have led to the change in quantities supplied. (10mks)
- (b) Outline **five** uses of a computer in an organization. (10mks)
6. (a) Mr. Rotich's car which had been insured against accident with Amaco Insurance was involved in an accident. Describe the procedure he would follow to claim compensation. (10mks)
- (b) The following trial balance was extracted from the Books of Nandi Hills Enterprises for the year ended 31/12/2014.

Nandi Hills Enterprises
Trial Balance
As at 31st December 2014

	Dr	Cr
Capital		250,000
Drawings	33,000	
Opening stock	47,000	
Purchases	300,000	
Sales		420,000
Returns Inwards	4,000	
Returns outwards		7,000
Carriage outwards	10,000	
Carriage inwards	28,000	
Discount allowed	4,000	
Furniture	25,000	
Motor vehicle	145,000	
Creditors		55,000
Discount received		14,000
Premises	100,000	
Debtors	50,000	
	746,000	746,000

Closing stock was valued at shs. 55,000 while depreciation on motor vehicles was shs. 15,000.

Required:

- (i) Trading, Profit and Loss Account for the year ended 31st December 2014. (6mks)
- (ii) Balance Sheet as at 31st December 2014. (4mks)