

**MURANG'A COUNTY EXTRA-COUNTY SCHOOLS (MECS)**  
**KENYA CERTIFICATE OF SECONDARY EDUCATION**

**SEPTEMBER 2022- 2 ½ Hrs**

**565/2 – BUSINESS STUDIES – PAPER 2**

**NAME.....**

**ADM NO.....CLASS.....**

Instructions to candidates

- a) Write your name in the spaces provided.
- b) The paper consist of Six questions
- c) Answers any **Five** questions in the spaces provided.
- d) All questions carry equal marks
- e) Non programmable electronic calculator may be used.
- f) Candidates should answer questions in English.

**For Examiners use only**

<b>Question</b>	<b>Maximum Score</b>	<b>Candidates Score.</b>
1.		
2.		
3.		
4.		
5.		
6.		
<b>TOTAL</b>		
<b>SCORE</b>		

1. a) Explain **Five** factors that one needs to consider when selecting an office layout. (10Mks)
- b) Outline **Five** measures that may be taken by the Kenyan government to promote her exports. (10Mks)
2. a) There has been a general rise in prices of consumer goods and services in Kenya. Explain **Five** negative effects of this trend. (10 Mks)
- b) Highlight **Five** measures that the Kenyan government has put in place to facilitate an efficient road transport. (10Mks)
3. a) Explain **Four** ways in which the government may positively influence / attract business activities to a given area. (8Mks)
- b) The following trial balance was extracted from the books of Daisy Traders as at 31/12/2021.

**Daisy Traders**  
**Trial Balance**  
**As at 31<sup>st</sup> December 2021**

A/C NAME	DR (Shs)	CR (Shs)
Purchases & Sales	275,000	390,000
Stock (1/1/2021)	30,000	
Debtors	47,000	
Commission		36,000
Returns	10,000	6,000
Carriage inwards	16,000	
Carriage outwards	8,000	
Bad debts	3,000	
Wages	20,000	
Rates	12,000	
Buildings	450,000	
Furniture	180,000	
Bank overdraft		210,000
Insurance	19,000	
Discounts	5,000	7,000
Drawings	25,000	
Creditors		52,000
Cash at bank	250,000	
Cash in hand		
Capital	40,000	689,000
	1,390,000	1,390,000

Additional information:

Stock was valued at Sh.50,000 as at 31<sup>ST</sup>/12/2021.

Required:

- I. Prepare Daisy Traders, Trading, profit and loss Account for the year ended 31/12/2021. (7Mks)
  - II. Balance sheet as at 31/12/2021. (5Mks)
4. a) Co-operative societies have become very popular today. Discuss **Five** features of a co-operative society. (10Mks)
- b) With the aid of a diagram, explain the effect of an increase in consumers' level of income on the equilibrium price and quantity. (10Mks)
- 5.a) Explain Five circumstances under which a country may experience low levels of national income. (10Mks)
- b) Explain Five ways in which insurance industry contributes to the development of a country's economy. (10Mks)
6. a) Explain **Five** measures that can be taken to reduce the level of unemployment. (10Mks)
- b) Zakayo Traders had the following balances on 1<sup>st</sup> July 2012.

	SHS.
Equipment	5,600
Bank	35,000
Debtors	28,000
Creditors	66,600

During the month the following transactions took place:

July 6<sup>TH</sup> – Purchased goods worth Sh.9,500 by cheque.

July 7<sup>TH</sup> – Paid creditors, Sh. 10,600

July 23<sup>RD</sup> – Received a cheque of Sh.22,00 for goods sold.

July 28<sup>TH</sup> – Withdrew Sh. 5,000 from the bank to pay salaries.

Required:

Open the relevant ledger accounts and extract a trial balance as at 30<sup>TH</sup> July, 2012. (10Mks)