

Name Index Number

565/2
BUSINESS STUDIES
Paper 2
Oct./Nov. 2015
2½ hours

Candidate's Signature

Date



THE KENYA NATIONAL EXAMINATIONS COUNCIL
Kenya Certificate of Secondary Education
BUSINESS STUDIES
Paper 2
2½ hours



05350049

Instructions to Candidates

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) This paper consists of six questions.
- (d) Answer any five questions.
- (e) Write your answers in the spaces provided after question six.
- (f) All questions carry equal marks.
- (g) This paper consists of 16 printed pages.
- (h) Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
- (i) Candidates should answer the questions in English.

For Examiner's Use Only

Question	Maximum Score	Candidate's Score
	20	
	20	
	20	
	20	
	20	
Total Score		



- 1 (a) Explain **five** uses of National Income Statistics to a country. (10 marks)
- (b) Discuss **five** principles that would lead to effective use of government resources. (10 marks)

- 2 (a) Explain **five** ways in which the consumer may benefit from warehousing. (10 marks)

- (b) The following information was extracted from the books of Mamboleo Traders in the month of September, 2014.

September 1	Had cash in hand, Shs15,500 and a bank overdraft of Shs 9,700.
September 3	Bought goods for sale Shs 12,300 on credit.
September 5	Sold good in cash Shs 8,500.
September 9	Sold goods on credit Shs 10,000.
September 12	Received a cheque of Shs 9,000 from a debtor.
September 15	Paid a creditor Shs 10,000 in cash.
September 17	Paid wages Shs 2,600 in cash.
September 19	Received a cheque Shs 23,400 from Samson for goods sold in January.
September 20	Received Shs 6,700 from a debtor in cash.
September 23	Withdrew Shs 7,700 from the bank for office use.
September 24	Paid electricity bills by cheque Shs1,200.
September 25	Received a cheque of Shs11,500 from a debtor.
September 26	Made cash sales of Shs12,800 .
September 27	Purchased goods worth Shs 8,950 in cash.
September 28	Deposited personal cash Shs 3,500 into the business account.
September 30	Paid water bills by cheque Shs 2,800.

Required:

- Prepare a two column cash book. (10 marks)
- 3 (a) Describe **five** characteristics of a monopolistic competitive market. (10 marks)
- (b) Explain **five** features of human wants. (10 marks)

- 4 (a) The following trail balance relates to Chui Traders as at 31st December, 2014.

**Chui Traders
Trail Balance
As at 31st December 2014**

Details	Dr (Ksh)	Cr (Ksh)
Stock	10,000	
Bank	3,500	
Purchases	15,000	
Sales		28,000
Returns	800	1,100
Rent		580
Insurance	950	
Creditor		450
Carriage in	1,200	
Discounts	300	1,620
	<u>31,750</u>	<u>31,750</u>

Additional Information:

- Closing stock was valued at Ksh 2,500.
- Carriage out was Ksh 1,200.

Required

Prepare Trading, Profit and Loss Account. (10 marks)

- (b) Explain **five methods** of determining the price of a product other than price control. (10 marks)

5 (a) Explain **five trends** in office management. (10 marks)

- (b) Explain **five advantages** of government involvement in business. (10 marks)

6 (a) Explain **five benefits** which may accrue to Kenya by being a member of the African Development Bank (ADB). (10 marks)

- (b) Explain **five features** that are common to underdeveloped countries. (10 marks)