

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
	31,750	31,750

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)

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