**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**OCT/NOV2013**

**TIME: 2 ½ HOURS**

***Kenya Certificate of Secondary Education (K.C.S.E)***

***FORM THREE***

**Business Studies**

**Paper 2**

**INSTRUCTIONS TO CANDIDATES:**

* *This paper consists of* ***six*** *questions*
* *Answer any* ***five*** *questions.*
* *Write your answers in the answer booklet provided*
* ***All*** *questions carry equal marks*

*This paper consists of 2 printed pages. Candidates should check to ascertain that all papers are printed as indicated and that no questions are missing*

1. (a) Explain **five** functions of the Nairobi Stock exchange. (10mks)

(b) Highlight the various functions of the office. (10mks)

1. (a) Discuss **five** factors an organization should have in mind when selecting a means of

 communication (10mks)

(b) A county suffers a low level of income status. Explain the, main conditions likely to

 have caused this problem. (10mks)

1. (a) Outline **five** principle of co-operative management. (10mks)

(b) Miss. Onyino had the following sources in her records on 1st

June, 2010

Buildings 120,000

Bank 65,000

Creditors 20,000

Net profit 15,000

Stock 45,000

The following transactions took place in the month of June, 2010:-

June, 3rd - sold goods worth shs. 30,000 for Shs 45,000, receiving shs 27,000 in cash and

 the balance by cheque.

June, 10th - Miss Onyino took stock worth shs, 4,000 and cash shs. 6,000 for family use.

June, 27th - She brought motor van valued at Shs. 50,000 and stock she had in her house

 worth shs. 2,000 in to business use.

 ***Required***: Prepare the balance sheet as at 30th June, 2010. (10mks)

1. (a) Siaya county government wants to enhance entrepreneurship development in the region.

 Outline **five** strategies that could be put in place to achieve this. (10mks)

(b) Explain **five** disadvantages associated with payments made by cheques. (10mks)

1. (a) Highlight **five** essentials of a good warehouse. (10mks)

(b) The diagram below represents the population and output per capita of a certain country.

 Explain any **five** challenges to the county if her total population is in the status marked Y

 in the diagram. (10mks)

**Output per capitax**

**Q** – optimum out put per capita

B.- Optimum population

**x**

**y**

**Population**

6 (a) Outline **four** circumstances that could legally terminate an insurance contact. (8mks)

 (b) Awino started her retail business on 1st. October, 2013 with shs 40,000 cash in hand and

 Shs. 120,000 cash at bank that she recorded in her two column cash book. She had the following

 transactions in the Month of October.

Oct. 3rd - She purchased stock shs. 19,000 from Njenga and paid in cash.

Oct 6th - Sold Stock Shs. 12,000 for Cash

Oct 13th - Purchased stock worth Shs. 32,000 and paid Shs. 6,000

Oct 14th - Banked in cash and the balance by cheque. All the cash and left a balance of

 shs. 2,000 in the office. You are required to open up the relevant ledger

 accounts to enter the transactions, balance off and hence extract a trial

 balance as on

 1st October, 2013 ( 12mks)