**Name:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Adm No.:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 **Candidate’s Signature**: \_\_\_\_\_\_\_\_\_\_

 **Date**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**565/2**

**BUSINESS STUDIES**

Paper 2

**MARCH/APRIL 2017**

**Time: 2½ hours**

**MOI HIGH SCHOOL - KABARAK**

**Kenya Certificate of Secondary Education**

**565/2**

**Paper 2**

**BUSINESS STUDIES**

**2½hours**

**Instructions**

* *Answer any* ***FIVE*** *questions.*
* *Use the material provided.*

1. a) Explain **five** advantages of division of labour. (10 marks)

 b) Explain **five** problems in calculating national income using the output approach.

 (10 marks)

2. a) Describe **five** means of written communication (10 marks)

b) Outline **five** ways a country may control her imports so as to correct her Balance of payment disequilibrium. (10 marks)

3. a) Explain **four** measures that can be taken to control demand pull inflation (8 marks)

b) Kivunja started business on 1st January 2017 with capital sh. 210,000 in cash. The following transactions took place during the first week of the month:

 2017

 Jan 2: Opened a bank account and deposited cash. Sh. 90,000

 3: Bought stock of goods Sh. 40,000 on credit

 4: Cash sales paid direct into the bank Sh. 12,000

 5: Paid rent Sh. 2,000 in cash

 5: Sold goods Sh. 21,000 payment received by cheque.

 6: Bought office equipment for Sh. 150,000 by cheque

 7: Received a commission from Taptok traders Sh. 1,000 cash

 **Required:**

 Prepare the relevant accounts, balance them off on 7th January, 2017 and extract a trial balance as at that date. (12 marks)

4. a) Explain **five** insurance policies you would advise your principal to take as he/she insures your school resources. (10 marks)

b) Using a diagram, explain the effect on the decrease in supply on equilibrium price and quantity while demand is constant. (10 marks)

5. a) Explain **five** problems associated with youthful population (10 marks)

 b) Explain **five** roles of central bank in an economy (10 marks)

6. a) Explain **four** services that are offered by retailers to consumers (8 marks)

b) The following trial balance relates to Belion traders for the period ended 31st December 2016:

**Belion traders**

**Trial Balance**

**As at 31/12/16**

 **Items Dr(Sh)**  **Cr(Sh)**

 Gross profit 800,000

 Buildings 1,800,000

 Debtors 400,000

 Creditors 375,000

 Stock 650,000

 Bank 250,000

 Cash 80,000

 General expenses 240,000

 Discount allowed 21,000

 Discount received 30,000

 Commission received 15,000

 Furniture 480,000

 Capital 2,701,000

 **3,921,000 3,921,000**

 **Additional information**

1. Stock on 1st January 2016 was valued at Shs. 580,000
2. Profit margin was 20%

**Required:**

Trading profit and loss account for the period ended 31st December 2016 and a balance sheet as at that date. (12 marks)