

NAME: RANDOM NO

DATE.....

CANDIDATE'S SIGN.....

565/2
BUSINESS STUDIES
PAPER 2
JULY/AUGUST - 2015
TIME: 2 ½ HOURS

TRANS-NZOIA COUNTY JOINT EVALUATION EXAM – 2015
Kenya Certificate of Secondary Education (K.C.S.E)

BUSINESS STUDIES
PAPER 2
2 ½ HOURS

INSTRUCTIONS TO THE CANDIDATES

- Answer *any five* questions.
- Write your answer in the answer booklet provided.
- All questions carry equal marks.

For Examiner's Use Only:-

Question	Marks
1	
2	
3	
4	
5	
6	
TOTAL MARKS	

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

1. (a) Explain **five** features of a sole proprietorship form of a business. (10 mks)
 (b) Discuss **five** measures that the government may take to improve the volume of exports. (10 mks)
2. (a) With aid of a diagram, explain how equilibrium price and quantity is affected when supply increases followed by a proportionate decrease in demand. (10 mks)
 (b) Highlight **five** negative effects of the general increases in prices in a country. (10 mks)
3. (a) The following information related to KIBOMET HARDWARE for the month of June 2014.

Date	Transaction
7/06/2014	: Credit sales to Wafula sh. 70,000 and Njoroge sh. 60,000
10/06/2014	: Credit purchase from Kipran sh. 30,000 and Sossy sh. 20,000
12/06/2014	: Goods returned to Kipran sh. 2,000 and Sossy sh. 5,000
13/06/2014	: Goods returned by Wafula sh. 3,500 and Njoroge sh. 1,000
25/06/2014	: Wafula and Njoroge settled their accounts by cheque after deducting 5% cash discounts in each case.
28/06/2014	: Settled Kipran and Sossy's account in cash after deducting 5% cash discount in each case.

- Required:** Record the above transaction in relevant books of original entry. (10 mks)
- (b) Explain **five** benefits of "pooling of risks" to the insurance industry. (10 mks)
 4. (a) Explain **five** reasons why high per capita income is not an indicator of a better living standard in an economy. (10 mks)
 (b) The central bank is a banker to the government. Explain **five** banking services it provides to the Kenya government. (10 mks)
 5. (a) KHWESA TRADERS had the following balances as at 31st December 2014.

Item	Shs.
Building	540,000
Bank loan	472,000
Debtors	116,900
Creditors	227,000
Furniture	408,170
Gross profit	520,600
Motor vehicle	900,000
Discount allowed	142,000
Lighting	25,200
Interest on loan	1,200
Closing stock	72,500
Rent received	120,000
Repairs on buildings	60,000
Repairs on furniture	72,030
Repairs on motor vehicle	300,000
General expenses	102,100
Capital	1,400,000

Prepare:

- (a) Profit and Loss Account for the year ended 31/12/2014.
- (b) Balance sheet as at 31/12/2014. (10 mks)
6. (a) Some developed countries have a huge population made up of ageing persons. Explain **five** problems this situation could present to such countries. (10 mks)
 (b) Distinguish between oligopoly market and perfect competition market situations. (10 mks)