**Name……………………………………..…………Index No……………………/……….**

 **Candidate’s Signature………………**

**565/2 Date…………………………………..**

**BUSINESS STUDIES**

**July/August 2016**

**BARINGO COUNTY EDUCATIONAL IMPROVEMENT EXAMINATION**

**Kenya Certificate of Secondary Education**

BUSINESS STUDIES

**Paper 2**

2½ hours

**Instructions to candidates**

* *This paper consists of* ***six*** *questions.*
* *Answer any* ***five*** *questions.*
* *All questions carry equal marks.*
* ***This paper consists of 3 printed pages.***
* ***Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.***
* ***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** external factors that an entrepreneur need to consider when evaluating a

 business opportunity. (10 marks)

b). Explain **five** ways of controlling cost push inflation. (10 marks)

1. a). Outline **five** differences between a partnership and a cooperative forms of business

 units. (10 marks)

b). Explain **five** positive implications of overpopulation to a country. (10 marks)

1. a).Describe **four** documents that are sent to the seller by the buyer in home trade.

(8 marks)

b). The following balances were extracted from the books of Tree Top Enterprises as at

 30th June, 2016.

**Shs**

 Sales 400,000

Stock (1st July, 2015) 5,000

Stock (30th June, 2016) 8,000

Discount received 13,000

Discount allowed 6,000

Insurance premium 4,000

Premises 300,000

Fixtures and fittings 200,000

Carriage inwards 7,000

Carriage outwards 3,000

Bank loan 23,000

Bank overdraft 50,000

Creditors 30,000

Cash in hand 10,000

Debtors 12,000

Drawings 14,000

Capital 340,000

Gross profit margin 25%

**Prepare;**

1. Tree top Enterprises profit and loss account for the year ended 30th June 2016. (4 marks)

ii) Tree Top Enterprises Balance sheet as at 30th June 2016. (8 marks)

1. a). Outline **five** benefits to a businessman who operates a bank current account.

 (10 marks)

b). The diagram given below shows changes in the supply curve. (10 marks)

 S2 S1

 Price

 0 Quantity

 Explain **five** factors that may have led to the change from S1S1 to S2S2. (10 marks)

1. a).Explain **five** limitations of using billboards as medium of advertising. (10 marks)

b). Outline **five** advantages that may accrue to a firm as a result of increase in its output. (10 marks)

1. a). Explain **five** trends in international trade. (10 marks)

b).Sironik traders started business on 1st July 2015withSh 50,000 cash and sh 40,000 in

 the bank. During the month the following transactions took place.

 **2015.**

 July 2: Bought stock for Sh50,000 by cheque.

 8: Sold goods for Sh 15,000 cash

 15: Took goods worth Shs 5,000 for his son’s birthday party

 22: Bought an office computer on credit from Munene Tech for Shs 69,000.

 30: Paid wages Sh 10,000 cash.

**Required.**

Record the above information in the relevant ledger accounts, balance them off and

extract a trial balance as at 31st July, 2015. (10 marks)