**NAME………………………………………………………. INDEX NO. …………………………**

**SCHOOL …………………………………………………... SIGN ……………………………….**

**DATE …………………………………**

**565/2**

**BUSSINES STUDIES**

**PAPER 2**

**JULY 2016**

**TIME: 2 HOURS**

**LUGARI REGION KSCE TRIAL EXAMINATION-2016**

***Kenya Certificate of Secondary Education(KSCE)***

**565/2**

**BUSSINES STUDIES**

**PAPER 2**

**JULY 2016**

**TIME: 2 HOURS**

**Instructions to 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) Awori Enterprises has a running insurance policy with Jowi Insurance Company. The Owner led Awori Enterprises makes a claim for compensation but the insurance company upon investigation, declines to pay. Highlight four possible reasons which could have made Jown insurance company to decline the co-operate. (8mks)

(b) The following information relates to Karai traders for the month of March 2002.

Sh

Stock 1/3/2002 20,000

Purchases 240,000

Sales 430,000

Salaries 18,000

Returns out 12,000

General expenses 50,000

Returns in 10,000

Carriage in 7,000

Carriage out 28,000

Insurance 14,000

Electricity 13,000

Stock 31/03/2002 30,000

**Required:**

Prepare a trading profit and loss account for Karai traders from the month of March 2002

2. (a) Explain **four** factors which are considered when evaluating a business idea for success.

(b) The following journal balances were extracted from the books of Mutomo traders on 30/06/05

I. Purchases journal sh. 40,000

II. Sales journal sh 40,000

III. Return outward journal sh 8,400

IV. Returns inward journal sh 6,100

V. Cash books, cash sh 12,8500,bank sh 21,320

Mutomo traders operate cash and bank accounts in their ledgers. (12mk)

**Required:**

Open up relevant ledger accounts and post the above journal totals to show how they would appear in the ledger of Mutomo traders 31/06/05

3. (a) Discus the function of non-bank financial institutions (10mks)

(b) Explain five factors which may lead to a surplus in the balance of payment of a country.

4. (a) The table below represents a famer’s supply of mangoes to Kipkaren market

**YEAR QUANTITY OF MANGOES**

2000 5,500

2001 8,000

2002 11,000

2003 14,500

Assuming that the price of which he was selling the mangoes remained constant, explain five possible reasons that could account for the trend in the supply of the mangoes. (10mks)

(b) Highlight **five** merits of government involvement in business. (10mks)

5. (a) Discuss any **five** essentials that need to be ensured to make warehousing processing effective.

(b) The following transactions relate to Chacha enterprises for the month of September 2008

Sept 1. Balance b/f cash 8000 and bank sh 13,000

4. Paid transport by cash sh3, 500

5. Sold goods for cash sh. 12,000 less 2% cash discount and by cheque sh 15,000 less 3%

7. Received cash sh. 10,000 from John and gave a cash discount of 12% and cheque from Magiwa of sh 9000 less 3% cash discount

8. Banked sh 6,300

16. Paid salaries by cash sh 1,800

24. Withdrew cash from bank for personal use sh5, 000

28. Paid creditors by cash sh 10,000 and received a cash discount of 2% and by cheque sh 150,000 and received a cash discount of 3%

30. Paid other creditors by cash sh. 3,000 and received a cash discount of 2% while by cheque 5,000 and received a cash discount of 3%.

**Required:**

Prepare Chacha Enterprises three column cash book for the month of September 2008

6. (a) Outline **five** ways in which sellers may respond to a buyer’s inquiry about goods

(b) Highlight **five** trends noticeable in the production promotion industry now days.

*End*