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

**School………………………………………….. Candidates Signature…………**

**Date………………………………..**

**565/2**

**BUSINESS STUDIES**

Paper 2

July/August 2016

**2 ½ Hour**

**NAKURU DISTRICT SEC SCHOOLS K.C.S.E TRIAL EXAMINATIONS-2016**

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

**565/2**

**BUSINESS STUDIES**

Paper 2

July/August 2015

**2 ½ Hour**

**INSTRUCTIONS TO CANDIDATES**

* Answer **ANY FIVE** questions in the answer sheet provided.
* All questions carry equal marks

*This paper consists of 3 printed pages*

*Candidates should check the question paper to ensure that all the*

*Papers are printed as indicated and no questions are missing*

1 (a) Discuss ***five*** demerits of government involvement in business activities. (10 marks)

(b) Outline **five** features of co-operatives (10 marks)

2 (a) Explain **five** types of unemployment found in Kenya today (10 marks)

(b) On 1st October 2013, Nyati Traders Had shs.10 000 and shs.40 000 at the bank. During the

month, the following transactions took place.

|  |  |
| --- | --- |
| Oct 2 | Bought goods worth shs3,100 by cheque |
| 3 | Paid motor expenses shs.6000 in cash |
| 6 | Sold goods worth 8200 cash |
| 10 | paid a creditor shs.9500 by cheque after deducting a 5% cash discount |
| 12 | Received a commission of shs.580 directly into the bank account. |
| 14 | Shelby, a debtor, settled her account of shs.30,000 by cheque less a 2.5% cash discount |
| 15 | The bank deducted shs. 850 from the business account for services rendered |
| 19 | The owner took shs.1500 by cheque for personal use |
| 23 | Paid Maboko traders shs.39,200 by cheque in full settlement of their account less 3% cash discount |
| 24 | Withdrew shs.15,000 from bank for business use |
| 26 | Received shs.8,200 cash from a debtor in full settlement of a debt of shs.8,500 |
| 30 | Took all the cash to the bank leaving only shs.1800 in the cash till |

***Required:***

Prepare a duly balanced three column cash book (10 marks)

3 (a) Discuss ***five*** measures the government can undertake to promote entrepreneurship practices in Kenya. (10 marks)

(b) Discuss ***five*** reasons why countries practice restrictions in trade (10 marks)

4. (a) Outline ***five*** factors that may cause a producer to reduce his output to the market (10 marks)

(b) Explain ***five*** circumstancesunder which a credit note can be issued. (10 marks)

5. (a)Discuss ***five*** insurance policies a person can take to cover employee related risks. (10 marks)

(b) Explain ***fiv***e essentials of effective communication (10 marks)

6. (a) Explain five ways that the Government as an external environment factor can influence

BusinessActivities. (10 marks)

(b) The following is the trial balance of O.J as at 31-12-2011

|  |  |  |
| --- | --- | --- |
|  | DR | CR |
| Purchases and Sales | 700,000 | 1,600,000 |
| Returns | 30,000 | 40,000 |
| Discounts | 50,000 | 35,000 |
| Capital |  | 862,000 |
| Commission | 39,000 | 25,000 |
| Carriage inwards | 28,000 |  |
| Carriage outwards | 135,000 |  |
| Debtors and creditors | 400,000 | 300,000 |
| salaries | 220,000 |  |
| Bank | 266,000 |  |
| Cash | 94,000 |  |
| Buildings | 600,000 |  |
| Equipment | 200,000 |  |
| Stock Jan. 1 | 100,000 |  |
|  | 2,862,000 | 2,862,000 |

***Additional information***

Stock Dec. 31 was valued at shs.94, 000

***Required***

1. Prepare Trading and Profit and Loss Account
2. Balance sheet as at 31-12-2011