

Name.....Index No...../.....

Candidate's Signature..... Date.....

BUSINESS STUDIES
PAPER 2
KASSU JET - JUNE 2016
2 ½ HOURS

KASSU JOINT 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
- Write your answers in spaces provided.

For Examiner's Use Only

| Question | Maximum score | Candidate's Score |
|--------------------|---------------|-------------------|
| 1 | 20 | |
| 2 | 20 | |
| 3 | 20 | |
| 4 | 20 | |
| 5 | 20 | |
| 6 | 20 | |
| Total Score | | |

1. (a) Explain five principles of insurance.
- (b) Study the following table of the demand and supply of product x.

| Period 2010 | Price / units | Qtn dd / units |
|-------------|---------------|----------------|
| July | Shs 300 | 500 |
| August | Shs 300 | 400 |
| September | Shs 300 | 200 |
| October | Shs 300 | 80 |
| November | Shs 300 | 50 |

Explain five factors that may have led to the trend above.

2. (a) Giving the types of unemployment, state the causes of the remedies.
- (b) You are a sales executive with a local bank. Describe five steps that you must follow when sent to the field to promote the products of the bank. (10 marks)
3. (a) Discuss five reasons why a country's economy is showing slow increase in their National Income (10 marks)
- (b) Explain five problems that are likely to face the process of implementation of well-prepared economic development plans (10 marks)
4. (a) On 1st June 2015, Ndovu Traders had cash in hand of sh.25,000 and sh.56,200 at bank. During the month, the following transactions took place:

2015

June 2 Cash sales, sh.42,000.

June 5 Received a cheque of sh.70,500 from Kiptala Traders after deducting a6% cash discount.

June 8 Paid salaries, sh24,000cash.

June 9 Yegon settled his account of sh.45,000 in cash and was allowed sh.1,800cash discount.

June 12 Cash sales sh46,500.

June 18 Paid Tuntoek's debt of sh.100,000 by cheque after deducting 5% cash discount.

June 24 Withdrew sh.26,000 from the bank for office use.

June 30 Banked all the cash except sh.25,000.

Prepare a 3-column cashbook and balance it off on 30th June, 2015. (10 marks)
- (b) Explain **five** factors that may hinder effective communication in an organization. (10 marks)
5. (a) Explain **five** factors that influence the choice of a product to produce. (10 marks)
- (b) Discuss **five** errors that may not be noticed in a trial balance. (10 marks)

6. (a) Discuss **five** canons of public expenditure. (10 marks)

(b) The following information was extracted from the books of Umeme Traders as at 31st December 2009.

| | <u>Shs</u> |
|---------------------------|------------|
| Bank loan | 567,000 |
| Bank loan interest | 1,440 |
| Capital | 1,680,000 |
| Closing stock | 87,000 |
| Creditors | 272,400 |
| Debtors | 140,280 |
| Discount allowed | 170,400 |
| Electricity | 30,240 |
| Furniture | 489,804 |
| Furniture repairs | 86,436 |
| Gross profit | 624,720 |
| Maintenance on premise | 72,000 |
| Motor vehicle | 1,080,000 |
| Motor vehicle maintenance | 360,000 |
| Premise | 648,000 |
| Rent received | 144,000 |
| Sundry expenses | 122,520 |

Prepare:

(i) Profit and loss account for the year ended 31st December 2009.

(ii) Balance sheet as at 31st December 2009. (10 marks)