

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

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Date.....

565/2

BUSINESS STUDIES

PAPER 2

MARCH/APRIL 2016

TIME: 2 ½Hours

MOKASA JOINT EXAMINATION

Kenya Certificate of Secondary education

565/2

Paper 2

BUSINESS STUDIES

2 ½ HOURS

INSTRUCTIONS TO CANDIDATES

- i) This paper consists of **six** questions
- ii) Answer any **five** questions
- iii) Answers should be written on the spaces provided after question **six**
- iv) All questions carry equal marks
- v) This paper consists of **9** printed pages
- vi) Candidates should check the question paper to ascertain that all pages are printed as indicated and that no questions are missing
- vii) Candidates should answer the questions in English

1. (a) Explain **five** circumstances that can cause a business to succeed in their activities. (10marks)
(b) Explain **five** problems facing the savings and credit cooperative societies in Kenya. (10marks)
2. (a) A prudent tax system must meet certain essential qualities. Explain **five** indicators of a good tax system . (10marks)
(b) Describe the procedure an insured must take when making an insurance claim. (10marks)
3. (a) Ondari intends to promote his products. Explain **five** factors that he must take into account when deciding on which method to use. (10marks)
(b) Explain **five** weaknesses of using national income statistics as a measure of social welfare. (10marks)
4. (a) Explain **five** factors that justify the existence of small scale firms in an economy. (10marks)
(b) Bartenge Enterprises started business on 1st May 2014 with Shs. 250,000 consisting of:
Cash at bank Shs.200,000, Cash in Hand Shs. 30,000 and Furniture Shs. 20,000.
The following transactions took place during the month of May.
3rd May 2014, Motor Van worth Shs. 85,000 and stock of Shs. 25,000 were bought on credit
6th May 2014, more stock worth shs.10,000 was bought by cash
9th May 2014, withdrew money from bank sh 50,000 for office use
15th May 2014, Sold stock at cost to a customer on credit for shs. 18,500
19th May 2014, received a cheque for the full settlement of a debt owed from the transaction of 15th may 2014
23rd May 2014, paid Shs. 65,000 by cheque for the motor van bought earlier on credit
31st May 2014, paid Shs. 20,000 cash for the stock bought on credit
Required:
Prepare the balance sheet of Bartenge Holdings as at 31st May 2014. (10marks)
5. (a) Explain **five** problems that are faced by a country with a big population of ageing persons. (10marks)
(b) Explain **five** difference between banking and non-banking financial institutions . (10marks)
6. (a) Explain **four** reasons why upward communication should be encouraged in an organization. (8marks)

(b) The following trial balance was extracted from the books of Lule Traders on 30th April 2015

Lule Traders
Trial Balance
As at 30th April 2015

Dr (Kshs.)	Cr (Kshs.)	
Sales	186,000	
Purchases	115,560	
Stock 1.5.2014	37,760	
Carriage outwards	3,260	
Carriage inwards	2,340	
Returns	4,400	3,550
Salaries	24,470	
Electricity	6,640	
Rent		5,760
Sundry expenses		12,020
Equipment		24,000
Furniture		6,000
Debtors		45,770
Creditors		30,450
Bank	38,760	
Cash	1,200	
Drawings	20,500	
Capital	<u>128,440</u>	
<u>348,440</u>	<u>348,440</u>	
Stock as at 30.4. 2015		Shs. 49,980

Required:

- a) Trading, profit and Loss account for the year ended 30th April 2015 (8mks)
- b) Balance sheet as at 30th April 2015 (4mks)

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