

Name..... Index No.
 School Candidates Signature.....
 Date.....

565/2
BUSINESS STUDIES
 Paper 2
 July/ August 2010
 Time: 2½ Hours

BOMET/CHEPALUNGU JOINT EVALUATION TEST - 2010
Kenya Certificate of Secondary Education (K.C.S.E)

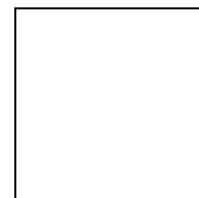
565/2
 BUSINESS STUDIES
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INSTRUCTIONS TO CANDIDATES

- Answer any FIVE questions
- ALL questions carry equal marks

For Examiner’s Use Only

Question No	1	2	3	4	5	6	TOTAL
Marks							



*This paper consists of 4 printed pages.
 Candidates should check the question paper to ensure that all pages are printed as indicated
 and no questions are missing*

1. a) Explain **six** services offered by wholesalers to retailers (12mks)
- b) Explain **four** uses of National Income Statistics (8mks)
2. a) Explain any **Five** principles of insurance (10mks)
- b) Mr. Benjamin a cashier with a supermarket was issued with an imprest of 1500/= on February 1st 2007 to enable him to pay official visit to Mombassa. Upon his return he produced the following receipts showing how he had spent the money.

Feb 2007.

- 1) Transport 180/=, meals 75/=, stationery 10/=
- 2) Accommodation 240/=, meals 50/=, Telephone 30/=, Transport 20/=
- 3) Meals 75/=, Accommodation 240/=, Stationery 15/=, Telephone 42/=
- 4) Stationery 20/=, Transport 25/=, Meals 50/=, Accommodation 130/=
- 5) Meals 25/=, Transport 200/=, Telephone 10/=

You are required to prepare a petty cash on imprest system classifying them under

- Accommodation
- Meals
- Telephone
- Transport
- Stationery

(10mks)

3. a) Describe **five** measures being put in place by the Kenya government to solve the unemployment problem. (10mks)
- b) Explain five arguments against protectionism in international trade (10mks)
4. a) The following trial balance was extracted from the books of Moto Moto Traders on 31st December 2006.

**Moto Moto Traders,
Trial Balance As at,
31st December 2006**

Details	Debit Ksh.	Credit Ksh.
Purchases	70,000	
Bad debts	4,000	
Stocks (1 st Jan 2006)	12,000	
Sales		95,000
Fixed Assets	82,000	
Creditors		8,500
Debtors	10,500	
Salaries	14,000	
Bank-overdraft		7,500
Returns outwards		2,400
Cash in hand	2,500	
General Expenses	5,200	
Returns inwards	1,500	
Capital		88,300
	<u>201,700</u>	<u>201,700</u>

Additional information

Closing stock was valued at 6,500/=

Salaries outstanding was Ksh.2, 800/=

Prepare a Trading, Profit and Loss Account for the period ending 31st December 2006

(10mks)

- b) Discuss **five** reasons why the Kenyan government encourages the development of micro-business enterprises. (10mks)
5. a) Outline **five** circumstances under which an organization would prefer to use letters For its official communication (10mks)
- b) Explain **five** sources of monopoly power (10mks)
6. a) Highlight **four** reasons that may account for the continued use of handcarts as a mode of transport in Kenya (8mks)
- b) Enter up the sales, purchases and Returns daybooks from the following details (12mks)

- May 2008
- 1 Credit purchases Peter Ksh.2500/=, James Ksh.1450/=, Kefa Ksh.3550/=
 5. Credit sales David 4100/=, white 3400/=, Black 2700/=
 7. Credit purchase Thomas 1470/=, Peter 1000/=, James 1900/=
 9. Goods returned by us to Peter 350/=, James 500/=
 10. Goods returned to us by White 250/=, Black 300/=
 12. Credit purchase Thomas 1860/=, Peter 2500/= and James 800/=
 15. Credit sales White 1500/=, David 2200/=
 18. Goods Returned by us to Thomas 200/=, James 100/=