

Name Index Number

School Candidate's Signature

565/2 Date

BUSINESS STUDIES

Paper 2

2015

2½ hours

MAKUENI COUNTY KCSE 2015 PREPARATORY EXAMINATION

Kenya Certificate of Secondary Education

BUSINESS STUDIES

Paper 2

2½ hours

Instructions to Candidates

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of examination in the spaces provided above.
- (c) This paper consists of **six** questions.
- (d) Answer any **five** questions.
- (e) Write your answers in the spaces provided after question six.
- (f) This paper consists of **15 printed pages**.
- (g) Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

For Examiner's Use Only

Question	Maximum Score	Candidate's Score
	20	
	20	
	20	
	20	
	20	
Total Score		

1. (a) Explain **five** features of oligopoly market structure. (10 marks)
- (b) Explain **five** functions of money. (10 marks)
2. (a) Discuss factors that may influence the growth of a business unit. (10 marks)
- (b) Apex Co. Ltd, a manufacturer, exhibited their goods in a local trade show. However, the sales did not increase significantly thereafter. Outline **five** reasons that may have led to the lack of significant increase in sales. (10 marks)
3. (a) Explain **five** characteristics of general/property insurance. (10 marks)
- (b) Describe **five** ways in which the Government of Kenya may influence the demand for products. (10 marks)
4. (a) Explain **five** factors to be considered when choosing a channel of distribution. (10 marks)

- (b) The following information relates to Jumuaia Traders. On 1st January 2014, the business had Sh. 150,000 in hand and Sh. 60,000 in the bank. During the month, the following transactions took place:

January

- 3 Paid wages Sh. 10,000 in cash
- 5 Peter, a debtor, settled his account of Sh. 22,000 by cheque of Sh. 21,500
- 6 Paid rent in cash Sh. 12,000
- 9 Withdrew Sh. 15,000 from bank for office use
- 11 Paid James a creditor Sh. 30,000 by cheque in full settlement of his account after deducting 6% cash discount
- 19 Cash sales banked Sh. 52,000
- 22 Received cheque of Sh. 12,000 from Naomi after allowing her a cash discount of Sh. 500
- 25 Purchased office equipment of Sh. 11,000, paying by cash
- 31 Deposited all the cash into the bank except Sh. 10,000

Required:

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

5. (a) The following is the trial balance for Matope Traders for the year ended 31/12/2005.

Matope Traders
Trial Balance
as at 31/12/2005

	Dr (Sh.)	Cr (Sh.)
Sales		1,000,000
Sales returns	10,000	
Premises	500,000	
Purchases	650,000	
Discount received		9,000
Motor vehicle	125,000	
Creditors		60,000
Capital		487,500
General expenses	30,000	
Drawings	20,000	
Cash at bank	30,000	
Debtors	75,000	
Salaries	90,000	
Rent expenses	23,500	
Cash in hand	3,000	
	1,556,500	1,556,500
Stock at 31/12/2005 = Sh. 2,500		

Required:

- (i) Prepare trading, profit and loss account for the year ended 31/12/2005.
- (ii) Extract a balance sheet as at 31/12/2005. (10 marks)
- (b) Explain **five** causes of serious budget deficits in developing countries. (10 marks)
6. (a) Outline **five** measures that a government may take to improve the volume of export. (10 marks)
- (b) Describe **five** reasons why per capita income is not reliable in determining the standard of living of a country. (10 marks)

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