

Candidate's Name _____ CLS _____
ADM NO: _____

565/2

BUSINESS STUDIES

PAPER 2

JANUARY/FEBRUARY 2011

TIME: 2 1/2 HOURS

BUNYORE/MARANDA SCHOOLS EXAMINATION
Kenya Certificate of Secondary Education 2011

INSTRUCTIONS TO CANDIDATES

- **Answer all five questions**
- **Write your answers in the answer booklet provided**
- **All questions carry equal marks**

1. a) Explain FIVE advantages of an office layout for a business (8marks)
 b) The following is a trial balance status to Buma wholesalers as at 31st December, 2009

Buma Wholesalers
 Trial Balance as at 31st December, 2009

	Shs.	Shs
Fixed assets		
Current Assets	292,600	
Rent Income		23,000
Discounts	3,000	2,000
General Expenses	89,000	
Carriage inwards	28,000	
Purchase/sales	280,000	474,000
Returns	4,600	7,000
Stock (1/1/2009)	46,000	
Drawings	33,000	
Current Liabilities		53,000
Capital		300,000
	854,200	854,200

Stock on 31 December, 2009 was shs 54,000.

Required:

- i) Prepared the trading, profit and loss account for the ending 31st November, 2009 (8marks)
- ii) Calculate:-
- Rate of return capital employed
 - Rate of stock turn over
 - Gross profit margin

2. a) Explain the role of warehousing in indirect production. (8marks)
 b) Explain five principles of insurance and their significance to the insured (10marks)

3. a) Hussein Traders had the following balances as at June 1st 2009
 Cash shs 10,000
 Bank shs 4,300

During the month of June, the following transaction took place.

June 3 Fatuma a debtor settler her account of shs 8,000 by cheque of kshs 7,500

6 paid in cash shs 4,000

10 Deposit shs 3,000 into the business bank account from the cash box

15. Settled Obama's account of shs 10,000 and allowed him a discount of 1%

18. Deposit shs 14,000 in the business Bank account from private sources

21 Cash sales shs 6,000

24. Wanjiku a debtor settler her account of shs 4,000 having been allowed a discount of 20%

26. Purchased furniture shs 2,600 by cheque

28. Received shs 1,800 cash from Mohammed

30. Bank all the cash in the cash box except shs 800.

Required

- a) Prepared a three column cash book and balance it off
 - b) From the recent economic survey, the gap between the rich and poor is so wide in Kenya.
Explain five factors that may lead to this disparity
4. a) Explain five ways in which an efficient road transport system may promote trade within a country (10marks)
- b) Discuss FIVE factors influencing demand for a commodity. (10marks)
5. a) Explain FIVE reason for the existence of small firms despite competition from large scale firms (10marks)
- b) Explain five challenges that traders can encounter under barter systems of exchange (10marks)
6. a) Explain the roles the Nairobi Stock Exchange in the development in an economy. (10marks)
- b) Explain five importance of filling in an organization (10marks)