

BUSINESS STUDIES  
PAPER TWO 565/2  
TIME: 2 ½ HOURS

SCHOOL BASED FORM FOUR EXAMINATION  
JULY – AUGUST 2017

**INSTRUTIONS TO CANDIDATES**

- (i) This paper consists of six questions
- (ii) Answer any five questions in English
- (iii) All Questions carry equal marks

**Answer any five questions**

- 1 a) Explain **five** factors that would influence the amount of money an individual may hold for transaction. **(10mks)**
- b) Outline **five** services that wholesalers can offer to a producer **(10mks)**
- 2 a) Explain **five** ways of making face to face communication effective **(10mks)**
- b) Since the year 2013 many small business in Kenya have expanded and grown into large Enterprises. Discuss **five** causes of business success **(10mks)**
3. a) With help of a well labeled diagram , explain the effect of the shift of the demand curve towards the right on the equilibrium price and quantity **(12mks)**
- b) Explain the following types of Inflation
- Demand pull inflation
  - Cost push inflation
  - Imported inflation
  - Structural inflation **(8mks)**
- 4.(a) Explain **five** characteristics of property Insurance **(10mks)**
- b) Discuss **five** measures that the government may take to improve the volume of exports in the country, **(10mks)**
- 5.(a) Explain at least **five** advantages of an open plan office layout **(10mks)**
- (b) Kiriko traders started a business with shs 300,000 cash at bank on 1<sup>st</sup> July 2016  
During the first week ended on 7<sup>th</sup>  
July 2016 the following transaction took place  
July 2<sup>nd</sup> withdrew shs 100,000 from the bank for office use  
July 4<sup>th</sup> Bought stock on credit worth shs. 53,000 from Musa traders  
July 6<sup>th</sup> Withdrew shs. 10,000 from the bank for private use  
July 8<sup>th</sup> Purchased a computer worth shs. 20,000 by cheque  
July 10<sup>th</sup> Paid Musa traders shs. 12,000 by cash

***Required***

Open the relevant ledger, accounts and record the above transactions.

Balance the ledger accounts

**(10mks)**

6(a) Explain five circumstances under which a partnership may be dissolved (10mks)

(b) The following trial balance was extracted from the books of Sagana Enterprises on 31<sup>st</sup> May 2014

SAGANA ENTERPRISE  
TRIAL BALANCE  
AS AT 31<sup>ST</sup> MAY 2014

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	Dr.	Cr.
Gross Profit		36000
Carriage Inwards	4000	
Debtors	70000	
Premises	95000	60,000
Creditors		
Motor vehicles	113000	
Drawings	55 000	
Salaries	28 000	
General Expenses	53,000	
Bank	55 000	
Commission received		12000
Capital		390 000
Stock	<u>25000</u>	
	498000	<u>498000</u>

***Required to prepare***

- (i) Profit and loss account for the year ended 31<sup>st</sup> may 2014 (3mks)
- (ii) Balance sheet as at 31<sup>st</sup> may 2014 (9mks)