**Name**…………………………………… …………………………..………… Index No:………………………….

**565/2** Candidate’s Signature …………..……………

**BUSINESS STUDIES** Date: …………………………

**PAPER 2**

**JULY/AUGUST 2016**

**TIME: 2 ½ HOURS**

**PRE- KCSE 2016**

***Kenya Certificate of Secondary Education (K.C.S.E.)***

**565/2**

**Business Studies**

**Paper 2**

 **2 ½ Hours**

**INSTRUCTIONS TO CANDIDATES**

* Write your **name** and **index number** on the answer booklet provided.
* This paper consists of **six** questions.
* Answer ***any five*** *questions*.
* All questions carry equal marks.

**For Examiners Use Only**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **1** | **2** | **3** | **4** | **5** | **6** | **TOTAL** |
| **Marks** |  |  |  |  |  |  |  |

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*This paper consists of 2 printed pages. Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing.*

***Answer any five questions in the booklet provided***

1. (a) Discuss **five** main features of a good money material (10mks)

 (b) Explain **five** roles of the Nairobi stock exchange to the Kenyan economy (10mks)

2. (a) Explain **five** importance of a business plan to an upcoming entrepreneur (10mks)

 (b) Highlight **five** benefits that Kenya can get by engaging in international trade (10mks)

3. (a) Discuss **five** limitations of using National income statistics to measure standards of living

 in your country (10mks)

(b) With appropriate diagram explain excess supply and excess demand (10mks)

4. (a)Discuss **five** causes of unemployment in Kenya (10mks)

 (b) Explain **five** mailing services that facilitate communication (10mks)

5. (a) A petty cashier of Boflos Traders operate a petty cashbook on an interest of Sh.5000. on 1st June 2013, he had cash in hand of Sh.300 and was reimbursed the difference by the main cashier to restore his cash float. The following payment s were made during the month of June;2013

 June 1. Sugar for the staff tea sh.360

 June 2. Telephone Ksh.510

 June 3. Stamps Shs.500

 June 5.Correcting fluid Ksh.400

 June 10.Travelling Ksh.220

 June 15. Postage Ksh.200

 June 16. Entertainment Ksh.260

 June 18 Fare Ksh.400

 June 20 Bread for staff tea Ksh.296

 June 26 Onyonka a creditor was paid Sh,1000

 June Entertainment Ksh.200

*Required:*

 Prepare Boflos Traders petty cash book with analysis columns of :staff tea, postage, stationery, travel and Miscelleneous (10mks)

 (b) Describe the procedure of obtaining an insurance policy (10mks)

6. (a) The following balances were extracted form the books of Mwamoturi General stores on 31st December 2012

 Sh.

 Capital 4000,000

 Sales 150,000

 Purchases 80,000

 Opening stock (1.1.2012) 20,000

 Closing stock (31.12.2012) 10,000

 5 years bank loan 100,000

 Salaries and wages 40,000

 Insurance expenses 10,000

 General expenses 25,000

 Debtors 35,000

 Creditors 22,500

 Rent income 50,000

 Commission received 15,000

 Required

(i) Prepare a trading, profit and loss account for the year ended 31st December 2012. (6mks)

(ii) Calculate

 Mark up ( 1 ½ mks)

 Current ratio ( 1 ½ mks)

 Rate of stock turn over (1 ½ mks)

 Rate of return on capital ( 1 ½ mks)

(b) Discuss **four** reasons why a government may impose taxes on commodities (8mks)