3NKT COMMON EVALUATION EXAM

JULY 2017

BUSINESS STUDIES PAPER 2

565/2

TIME:2 ½ HOURS.

INSTRUCTIONS:

-Answer any FIVE questions .

-All questions carry equal marks.

1.(a)Draw FIVE differences between a public corporation and a private ltd.company. ( 10 mks)

 (b)Describe five methods used by the central bank of Kenya to control credit (10 mks)

2.(a) Discuss five causes of inflation in a country (10 mks)

 (b)Discuss five factors an organization should consider when choosing a means of internal communication ( 10 mks).

3.(a)Explain five problems encountered when measuring National income using the expenditure approach.

(b)Explain five measures that a government may take to encourage establishment of industries in rural areas. (10 mks)

4.(a)Explain four office etiquette required of a public relations officer in an organization ( 8 mks)

 (b)The following balances were extracted from the books of Thitima enterprises on 30 June 2016.Using the information, prepare a Trading ,profit and loss a/c for the business.

 SH

Buildings 3,000,000

Debtors 240,000

Creditors 180,000

Stock 30.6.2016 120,000

Stock 1.7.15. 650,000

Purchases 400,000

sales 2,000,000

Discount received 100,000

Bad debts 60,000

Rent expences 40,000

General repair expense 20,000

Interest on loans 70,000

Commission received 60,000

Returns outwards 30,000

Cash in hand 340,000

Insurance cost 40,000

Discount allowed 50,000

Electricity 20,000

Bank overdraft 80,000

Travelling expenses 30,000 (12 m ks)

5.(a)Using diagrams show the effects on equilibrium price and quantity under the following situations.

(i) Decrease in demand ( 5 mks)

(ii)Increase in supply (5 mks)

(b)Describe five services offered to consumers by retailers. (10 mks)

6.(a)Kenya has recently experienced the completion of the standard gauge railway(SGR) from Mombasa to Nairobi.

Explain five advantages that traders may enjoy due to use of the railway line.

 (b)The following transactions took place in the business of Johana Traders in the month of May 2013.

May 1 Started business with sh 100,000 in bank and sh 20,000 in cash.

 3 Purchased goods valued at sh 24,000 from Kanyua on credit

 6 Paid rent by cheque sh 1,200

 10 Purchased a delivery van valued at sh 720,000 from Mwema motors and paid by cheque.

 12 Sold goods in cash sh 4,500

 15 Paid Kanyua sh 10,000 by cheque.

Required: Using the above information.

(i)Prepare the relevant ledger accounts and balance them off as at 15th may 2013. (7 mks)

(ii)Extract a trial balance as at 15th may 2013. (3 mks).