Name………………………………………………..Index number……………………

565/2

BUSINESS STUDIES Candidate’s signature………………….

Paper 2

March/April 2018 Date……………………………………

2 Hours

**MARCH EXAMINATIONS**

BUSINESS STUDIES

Paper 2

2 hours 30mins

Write your name and index number in the spaces provided above

Sign and write the date of examination

Answer **ANY FIVE** questions in the separate booklet provided

**For examiners use only**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| QUESTION | 1 | 2 | 3 | 4 | 5 | 6 |
| MARKS |  |  |  |  |  |  |

1. a) Explain **five** acceptable codes of behavior in an office. **(10 marks)**

b) Some Government enterprises have no major competitors in their operations. Explain **five** ways in which they acquire this status.**(10 marks)**

2. a) Explain **five** methods used by the Government to protect consumers against exploitation by traders. **(10 marks)**

b) Explain **five** measures that can be taken by a government to reduce cost push inflation. **(10 marks)**

3. a) Describe **five** documents that are sent by the seller to the buyer in home trade. **(10 marks)**

b) The following transactions relate to Nanyuki Traders for the Month of February 2016.

Feb 2: Sold goods on credit to Nairuko shs. 12,000

Feb 6: Bought goods on credit from Shamala Traders shs. 25,000

Feb 12: Nairuko returned goods worth shs. 2000

Feb 20: Goods worth shs. 6,000 were returned to Shamala Traders

Prepare the relevant ledger accounts, balance them off as at 29th February 2016 and post the balances to a trial balance. **(10 marks)**

4. a) Outline **five** risks against which a ship owner may insure. **(10marks)**

b) Explain **five** types of unemployment related to the Kenyan economy. **(10marks)**

5. a) Explain **five** ways in which the government can use to encourage delocalization of firms. **(10 marks)**

b) Explain **five** ways through which the Central Bank can reduce excess supply of money in the economy. **(10 marks)**

6. a) Explain **four** benefits of using social media in promoting a product. **(8 marks)**

b) The following Trial balance was extracted from the books of Kerio valley traders on 31st December 2017

**Kerio valley traders**

**Trial Balance**

**As at 31/12/2017**

**Dr Cr**

Shs Shs

Purchases 700,000

Capital 888,000

Returns inwards 15,000

General expenses 52,000

Cash in hand 25,000

Return outwards 24,000

Bank Overdraft 75,000

Salaries 140,000

Debtors 105,000

Creditors 85,000

Land and Buildings 820,000

Sales 950,000

Stock (01/01/2017) 125,000

Insurance 40,000

**2,022,000 2,022,000**

**Additional information**

* 1. Closing stock was valued at shs. 79,000
  2. Carriage outwards was shs.32,000 and rent received shs.32,000

**Prepare**

1. Trading, profit and loss account for the period ended 31st December, 2017. **(8marks)**
2. Balance sheet as at 31st December 2017. **(4marks)**