

565/2

BUSINESS STUDIES

Paper 2

October/November 2015

Time 2½ hours

**KANDARA SUB-COUNTY SECONDARY SCHOOLS
FORM THREE JOINT EXAMINATION**

Kenya Certificate of Secondary Education

BUSINESS STUDIES

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Time: 2½ hours

INSTRUCTIONS TO CANDIDATES

- This paper consists of SIX questions.
- Answer any FIVE questions.
- All questions carry equal marks.
- Write your answers in the answer booklet provided.

Question	Maximum score	Candidate score
1		
2		
3		
4		
5		

This paper consists of 3 printed pages

Candidates should check the question paper to ensure that all the printed pages are printed as indicated and no questions are missing.

Answer any FIVE questions.

1. a) Explain five factors that promote entrepreneurial development in our country. (10 marks)
- b) Explain five benefits a business may get by adopting containerisation. (10 marks)
2. a) Draw a diagram to show the effect of a shift in demand curve to the right on equilibrium point, price and quantity. While the supply curve remains unchanged. (8 marks)
- b) The following transactions took place in the books of Kariobangi Traders during the month of May 2014. (12 marks)

May 1 Cash balances shs 50,000

Bank balances shs 80,000

3 Received a cheque from Kariuki for shs 20,800 having allowed him a discount of shs 2,000

7 Paid rent in cash shs 10,5000

12 Settled a creditors account of shs 15,000 in cash after deducting a cash discount of shs 1,000

17 Withdrew shs 5,000 cash from the bank for office use.

23 Received cash from the following debtors after having deducted a cash discount of 10% in each case.

- Jane shs 15,000

- Betty shs 20,000

30 Transferred all cash to the bank leaving a balance of shs 5,000

Required.

Enter the above transactions in a three column cash book and balance it off as at 31st May 2014

(12 marks)

3. a) Explain five benefits that accrue to a firm located near other existing firms. (10 marks)
- b) Explain five circumstances under which face to face communication may be ineffective. (10 marks)
4. a) Outline five benefits to a business organization that adopts open plan office layout. (10 marks)
- b) Explain five circumstances under which personal selling is appropriate. (10 marks)

5. a) The following transactions relate to Wakesho traders for the month of July 2009

July 1 : Started a business with shs 180,000 in the bank

6 : Bought goods on credit from Matumbo shs 25,000 and Kimani shs 50,000

10 : sold goods on credit to Edna shs 141,500.

12 : Made the following payment by cheque.

Matundo shs 25,000

Kimani shs 31,000

25 : Received payment from Edna shs 24,000 by cheque

30 : Returned goods to Matumbo shs 10,000

Enter the above transactions in the appropriate ledger accounts.

(12 marks)

b) Explain four factors that may increase the levels of national income in a country. (8 marks)

6. a) Explain five means of payment that a trader can use to settle business debts. (10 marks)

b) Explain five ways through which a firm may acquire monopoly power. (10 marks)