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565/2
BUSINESS STUDIES PP 2
FORM FOUR
1ST TERM 2016
2 1/2 HRS.

Kenya Certificate of Secondary Education
BUSINESS STUDIES PP2
FORM FOUR 1ST TERM EXAMINATION 2016

Instructions

- **Answer any FIVE questions**
- **Write your answers in the answer sheet provided**
- **All questions carry equal marks**

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.

- 1.a) Explain five advantages of a large population to a developing country (10marks)
- b) Kerubois a business lady and she intends to open a current account with a bank. Explain to her five merits of operating a current account (10marks)
- 2.a) Explain five factors to consider before choosing an appropriate means of communication within an organization (10marks)
- b) Credit selling boosts sales. Outline five benefits to a consumer who buys on credit (10marks)
- 3.a) Explain five factors that could increase the supply of tomatoes in the market (10marks)
- b) Explain five factors that influence the decision on goods to produce (10marks)
- 4.a) Rawal had the following transactions in Dec 2015
 Dec 2: Purchased goods on credit from RutoShs 5,600, KilimoShs 4,500
 3: Cash purchases shs 6,700
 8: Credit purchases from Kosgeyshs 7500, Kirwashes 8,900 and Barsisio shs 5,350
 11: Purchased equipment on credit from Calmat shs 16,500
 15: Returns to Barsisioshs 250 and Kosgeyshs 1,090
 16: Purchased goods on credit from Rotich shs 5,900 and Serutshs 2,570
 Prepare
 i) a purchase journal (10marks)
 ii) purchases return journal (10marks)
- b) Identify five principles of insurance and highlight the significance of each (10marks)
- 5.a) Explain the following terms as used in population (10marks)
- i) Mortality rate
- ii) Birth rate
- iii) Ageing population
- iv) Over population
- v) Population explosion
- b). Explain five reasons why a trader may sometimes sell goods at a loss (10marks)
- 6.a) Kamande traders owns a beauty shop. The following balances were extracted from the ledgers of the business for the year ending 31/12/2014
- | | | |
|-------------------|---|---------|
| carriage inward | - | 27,900 |
| carriage outwards | - | 29,400 |
| sales | - | 120,000 |
| stock 31/12/2014 | - | 26,000 |
| sales returns | - | 18,000 |
| stock Jan 2014 | - | 35,000 |
| purchases return | - | 4,500 |
| rent | - | 10,000 |
| discount received | - | 6,800 |
| balances | - | 14,400 |
| rates | - | 15,400 |
| discount allowed | - | 36,900 |
| telephone | - | 6,900 |
| electricity | - | 25,000 |
- prepare trading profit and loss account for year ended 31/12/2014
- b) Outline five advantages of e-commerce (10marks)