

Name: Index No:

Candidate's signature.....

Date.....

KAKAMEGA NORTH SUBCOUNTY JOINT EXAMINATIONS
KCSE Trial Exam
565/2
BUSINESS STUDIES
PAPER 2
JULY 2018
2½ Hours

BUSINESS STUDIES
PAPER 2

INSTRUCTIONS TO CANDIDATES

This paper contains *six* questions; you are required to answer any *five* questions.
All questions carry equal marks
Answer the questions in the booklet provided

This paper consists of 2 printed Pages

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

1. a) Explain **five** macro factors that a businessman must respond to, to ensure the survival of his business. (10mks)

b) Explain **five** drawbacks of unemployment (10mks)

2. a) Record the following transactions belonging to Flipside Traders in the appropriate ledger accounts; balance the accounts and extract a trial balance as at 11th July 2013. (10mks)

1st July 2013 Started business by borrowing Kshs 100,000 which was deposited in the business bank account

3rd July Bought goods worth Kshs 20,000 from Bulls eye traders on credit

6th July Sold goods worth Kshs 15,000 on credit to Truthmeter Traders

8th July Truthmeter traders returned goods worth Kshs 5,000

10th July Received a credit note of Kshs 3,000 from Bulls eye traders in relation to some

b) Explain the role played by warehousing as an aid to trade. (10mks)

3. a) The following information relates to African Retail Traders for the year ended 31st Dec 1999 (10mks)

Gross profit	600,000
Opening stock	285,000
Sales	2,400,000
Purchases	1,830,000
Expenses	360,000
Net profit	240,000
Closing stock	315,000
Fixed assets	400,000
Debtors	900,000
Cash at bank	35,000
Current liabilities	438,000

a) Calculate

- i) Cost of goods sold
- ii) Mark-up percentage
- iii) Debtors ratio
- iv) Current ratio

. b) Explain **five** ways in which a well-developed transport industry can be of benefit to the economy of a country. (10mks)

4. a) Briefly explain the following means of written communication (10mks)

Reports Circulars Agenda Minutes Memorandum

b) Explain **five** types of indirect taxes (10mks)

5. a) Explain **five** reasons why ethical issues are necessary to a business (10mks)

. b) Outline **five** advantages of using a credit card to a buyer (10mks)

6. a) Explain **five** ways through which the central bank may promote credit creation among commercial banks (10mks)

. b) Outline **five** differences between a joint stock company and a co-operative (10mks)