

NAME: ..... DATE: .....  
ADM NO: ..... CANDIDATE'S SIGNATURE: .....

565/2

BUSSINESS STUDIES PAPER II

TERM TWO

Time: 2 Hours

**FORM THREE**

**INSTRUCTIONS TO CANDIDATES:**

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

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1.(a) Unemployment is one of the serious problems facing our country Kenya. Explain five measures that the Kenyan government should institute to solve the problem of unemployment . (10mks).

(b) Personal selling increasingly being used as a method of product promotion. Explain five benefits of this method of product promotion. (10mks)

2.(a) ABC company is a single supplier of a product in the market without a competitor. Discuss five reasons why it may be difficult for other firms to enter the market. (10mks)

(b) Explain five importance of entrepreneurship to the economy. (10mks)

3.(a) Mr. Mwaniki had the following assets and liabilities on 1<sup>st</sup> January 2013.

Sh

Capital	13,730
Stocks of goods	5,000
Debtors	200

Stationery	1,560
Cash in hand	1000
Premises	14,000
Bank overdraft	2,500
Creditors	1,370
Five year loan	4,160

During the month the following transactions took place.

2013 Jan 2 Received debtors sh. 150 cheque.

7<sup>th</sup> sold goods worth sh. 3000 for sh. 9000 and deposited the money in his bank account.

27<sup>th</sup> paid sh. 1000 in cash part of five year loan.

Required: prepare a balance sheet as at 31st Jan 2014. (10mks)

(b) Explain five factors that an insurance company will consider before determining the premiums to charge the applicant. (10mks)

4. (a) Kenya pipeline company intends to extend the pipeline from Eldoret to Kampala in Uganda . Explain five benefits of this mode of transport. 10mks

(b) Explain five factors to consider when a medium of communication within a firm. (10mks)

5. (a) Explain five factors that may influence the level of national income of a country. (10mks)

(b) State and explain five methods used by the government to protect consumers from unscrupulous traders (10mks)

6. (a) Explain five importance of using a cheque as a means of payment. (10mks)

(b) Explain reasons why effective filing is important in an office. (10mks)