**Name……………………………………..…………Index No……………………/……….**

 **Candidate’s Signature………………**

**565/2 Date…………………………………..**

**BUSINESS STUDIES**

**June 2014**

**Kenya Certificate of Secondary Education**

BUSINESS STUDIES

**Paper 2**

2½ hours

**Instructions to candidates**

* *This paper consists of* ***six*** *questions.*
* *Answer any* ***five*** *questions.*
* *All questions carry equal marks.*
* ***This paper consists of 3 printed pages.***
* ***Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.***
* ***Candidates should answer the questions in English.***

**For Examiner’s Use Only**

|  |  |  |
| --- | --- | --- |
| **Question** | **Maximum****score** | **Candidate’s****Score** |
| **1** | 20 |  |
| **2** | 20 |  |
| **3** | 20 |  |
| **4** | 20 |  |
| **5** | 20 |  |
| **6** | 20 |  |
|  | **Total Score** |  |

1 a). Explain five characteristics of a monopolistic market structure **(10 marks)**

b).Advise Kimaiyo an investor in marine transport on **five** policies that he needs

to take cover for his investments. (10marks)

2 a).Explain **five** means of payment used in home trade. (10marks)

b).Discuss **five** benefits that would accrue to Kenya as a member of East African

Community. (10marks)

1. a). Outline **five** benefits to an economy that engages in indirect production. (10marks)

b). Explain **five** measures that can be taken to curb the problem of unemployment in

 Kenya. (10marks)

1. a).Describe the procedure of recording business transactions in ledger accounts.

 (10marks)

b). Explain **five** factors that may lead to demand pull inflation. (10marks)

1. a).Explain **five** reasons as to why state owned corporations are being converted into

public limited companies. (10marks)

b).The table below shows prices and quantity of commodity **X** supplied in a market for

the 1st quarter of year 2013.

|  |  |  |
| --- | --- | --- |
| **Month** | **Quantities****Supplied** | **Price** |
| January | 20,000 | 100 |
| February | 30,000 | 100 |
| March | 35,000 | 100 |

 Explain **five** factors that may have led to the change in the quantities supplied.

 (10marks)

1. a). Outline **four** elements of transport. (8marks)

b). Record the following transactions of Mutei traders in the relevant books of original

entry. (12marks)

**2014**

**Jan** 1: Credit sales to: Kipchoge shs. 26,000, Hassan shs20,000.

 3: Credit purchases from: Ndegwa sh 12,000, Mudavadi sh 28,000, Kamau

 sh40,000

 7: Returned goods to suppliers: Mudavadi sh 4,000, Kamau sh 5,000

 14: Credit sales: Waswa sh 9,000, Otieno sh 16,500, Kalya sh 34,000.

 18: Goods returned by customers: Waswa sh 500, Otieno sh 2,500.

 22: Credit purchases from: Kamau sh 24,000, Oleitiptip sh 32,000, Mulwa

 sh 14,00, Kimaru sh 17,000.

 26: Goods returned by customers: Kalya sh 3,000.

 28: Credit sales: Ed Musi sh 8,000, Abdi sh 43,000, Waswa sh 11,000.