**Name:……………………………………………………..Index No:…………………..**

**Adm No:…………………………………………………Date:……………….**

**School:…………………………………………………..Candidate’s sign:……………….**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**TERM 2 2016**

**TIME:21/2 HOURS**

**KERICHO DIOCESE JOINT EVALUATION TEST (KEDIJET)-2016**

**BUSINESS STUDIES**

**PAPER 2**

**INSTRUCTIONS TO CANDIDATES**

* **This paper consists of six questions**
* **Answer any FIVE questions**
* **Write your answer in the answer booklet provided**
* **All questions carry equal marks**

**FOR EXAMINER’S USE ONLY**

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| Q | A | B | TOTAL |
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1. (a)Explain five factors that influence the growth of business unit.(10mks)

(b)Explain any five channels of distribution that may be used to distribute imported goods.(10mks)

1. (a)Explain five ways in which the government can create an enabling environment to attract both local and foreign investors.(10mks)

(b)With an aid of the diagram, explain the effect of an increase in supply of a commodity on the equilibrium price and quantity.(10mks)

3. (a) Highlight five importance of a business ethics (10mks)

(b)The following balances were extracted from the books of Jua Kali traders on 1st December 2008.

|  |  |
| --- | --- |
|  | Kshs |
| Capital | 600,000 |
| Creditors | 180,000 |
| Motor van | 200,000 |
| Furniture | 200,000 |
| Stock | 60,000 |
| Debtors | 80,000 |
| Cash | 240,000 |

 The following transactions took place during the month of December.

 (i) Sold furniture worth sh.60,000 in cash.

(ii)Purchase goods worth sh 100,000 for which cash of sh.70,000 was paid and balance to be paid later.

(iii)Cash sh 10,000 was taken from the business by the proprietor for personal use.

(iv)Cash sh.40,000 was deposited into the business bank Account.

Required :

Prepare Jua Kali Traders balance sheet as at 31st December 2008 (10mks)

1. (a) Highlight five benefits that may accrue to a producer as result of advertising his products.

(b) Explain five problems encountered in the measurements of the national income. (10mks)

5. (a) Explain five contributions of an efficient transport to the economic development of a country. (10mks)

(b) Explain five circumstances that would allow for existence of monopolies in a country.(10mks)

 6. (a) Explain five services offered by the wholesalers to retailers in Kenya.(10mks)

 (b)The following information relate to J.’J traders for the year ended 31st Dec 2010.

 Purchases 150,000

Sales 300,000

Opening stock 60,000

Salaries/wages 17,000

Current liabilities 2,000

Rent 15,000

Insurance 8,000

Capital 210,000

Creditors 6,000

Drawings 2,000

Current assets 10,000

Closing stock 10,000

(i)Prepare a trading and profit/loss account for the year ended 31/12/2010.(6mks)

(ii) Calculate;

(a) Current ratio (2mks)

(b) Rate of stock turnover (2mks)