**NAME ………………………………………… INDEX NO. …………………………**

**SCHOOL ………………………………………… SIGNATURE ………………………...**

 **DATE ………………………...**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**OCTOBER/NOVEMBER, 2014**

**TIME: 21/2 HOURS**

**MBOONI EAST SUB - COUNTY FORM 4 ENTRANCE EXAMINATION, 2014**

*Kenya Certificate of Secondary Education (K.C.S.E)*

## INSTRUCTIONS TO CANDIDATES

* Answer any **FIVE** questions
* ALL questions carry equal marks
* This paper consists of 2 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing

### FOR EXAMINER’S USE ONLY

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Question No** | **1** | **2** | **3** | **4** | **5** | **6** | **TOTAL** |
| **Marks** |  |  |  |  |  |  |  |

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**565/2**

**Business Studies**

**Paper 2**

1. a). Outline five circumstances under which a business organization may choose to use written instead of

 verbal communication (10marks)

 b). Explain five benefits that may accrue to a community that is involved in trading activities (10marks)

1. a). Explain five drawbacks of using expenditure approach to measure a country’s National income (10marks)

 b). Explain five ways in which the government can provide an enabling environment for business

 enterprises (10marks)

1. a). Explain five circumstance under which a direct distribution channel may be preferable (10marks)

 b). Mulei enterprises have been using radio to advertise their products instead of television.

 Explain five advantages they realize by using radio over use of television (10marks)

1. a). Explain five causes of business success in Kenya (10marks)

 b). Explain five importance of an effective transport system in a country (10marks)

1. a). Explain five benefits that may accrue to a business organization which expands the scale of its

 operations (10marks)

 b). Nyundo Traders had the following assets and liabilities on 1st March, 2006

 Shs.

 Capital 120,000

 Machinery 80,000

 Creditors 10,000

 Debtors 20,000

 Stock in trade 25,000

 Cash at bank 5,000

 On 2nd March, he had the following transactions

1. Purchased goods for Shs.15,000 on credit
2. Received a cheque for shs.10,000 from a debtor
3. Sold the machinery for Shs.90,000 in cash

 Prepare his balance sheet on 2nd March, 2006

1. a). Discuss five main causes of unemployment in Kenya (10marks)

 b). The following information relates to Mutiso enterprises for the month of June 2011.

 2011

 June 1st: Credit purchases from Kalembe , Shs.38,000

 June 3rd: Purchased goods on credit from Wetangula, Shs.60,000

 June 5th: Returned goods to Kalembe, Shs.5,600

 June 20th: Purchases returns to Wetangula Shs.10,000

 June 30th: Credit purchases from Wetangula Shs.5,000

 Required: Enter the above information in the relevant ledger accounts and balance them.

 (10marks)