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

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

 **DATE ………………………...**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**JULY/ AUGUST, 2014**

**TIME: 21/2 HOURS**

**MBOONI WEST SUB - COUNTY JOINT EVALUATION TEST, 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) Explain five reasons that may account for the continued use of hand carts as a mode of transport (10marks)

 b) The East African countries are moving towards an integrated economy. Explain five benefits that may accrue

 to the citizens due to this development (10marks)

2. a) By the use of diagram, explain the effects of excess supply over demand on quantity demanded and

 supplied (10marks)

 b) Explain five reasons why countries prepare development plans (10marks)

3. a) Explain four shortcomings of using internet services in communication (8marks)

 b) The following information relates to Butere traders limited for the year 2010.

 Net sales sh 320,000

 Margin 25%

 Expenses shs 35,000

 Rate of stock turnovers 6 times

 Capital shs 180,000

 From the information given above calculate:

1. Gross profit (3marks)
2. Cost of goods sold (2marks)
3. Net profit (2marks)

 (iv) Average stock (3marks)

 (v) Rate of return on capital (2marks)

4. a) Maryline and Caroline are two lawyers who want to start a law firm. Explain five limitations they may face

 during the operations of their business (10marks)

 b) Explain five negative effects of high taxation in an economy (10marks)

5. a) Discuss five challenges that may be faced when comparing standards of living between countries that have the

 same amount of national income ? (10marks)

 b) Highlight five reasons why Kenyan government encourages the development of micro-business enterprise

 (10marks)

6. a) Highlight four ways in which the Central Bank acts as a banker to the government (8marks)

 b) The following information relates to Bahari retailers for the month of January 2013.

 Invoices received:

 Jan 6 Mandella ltd sh 70,000

 “ 12 Othiambo traders shs 150,000

 “ 18 Jua kali enterprises sh 50,000

 Invoices issued:

 Jan 5 Jambini traders shs 10,000

 10 Fedha ltd shs 100,000

 15 Kalu works ltd shs 120,000

 Credit note issued:

 Jan 5 Jambini traders shs 12,000

 13 Fadhili ltd shs 6,000

 Credit note received:

 Jan 7 Mandela ltd shs 5,000

 14 Othiambo traders shs 1,000

Additional information

 Jan 8 sold machinery on credit to Kwetu retailers shs 50,000

 9 bought electronic equipment on credit from lowland retailers shs 8,000

 10 bought shs 5000 cash into the business from own sources.

 Required: Record the above transactions in the appropriate dairy books (10marks)