**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)