**565/2**

**BUSINESS STUDIES**

**PAPER 2**

SUKEMO MOCK 2017

**TIME: 2½ HOURS**

**INSTRUCTIONS TO CANDIDATES**

1. This paper consists of six questions.
2. Answer **any five** questions only.

1. All questions carry equal marks.

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| QUESTION | 1 | 2 | 3 | 4 | 5 | 6 |  | TOTAL SCORE |
| SCORE |  |  |  |  |  |  |  |  |

1. a) According to National Income Statistics, country A seems to have a higher standard of living than country .Outline 5 limitations of using the statistics to compare these two countries (10marks)

b) The diagram below shows changes in the supply curve of a product.

 **S0**

**Price S1**

 **S0 S1**

 **Quantity**

 Explain 5 factors that may lead to the change from S0S0 to S1S1. (10marks)

1. (a) Discuss **FIVE** strategies that a small firm can employ in order to expand her capacity.

(10 marks)

 (b) Discuss **FIVE** ethical issues that an entrepreneur needs to consider in carrying out his/her activities. (10 marks)

3 a) Discuss **five** circumstances under which a company may prefer to use informative

 advertising. (10 marks)

 b) Explain **FIVE** ways through which a country can finance a deficit in the Balance of

 payments. (10 marks)

1. a) Explain **five** reasons that may lead an insurer to compensate the insured in the event of

 a loss. (10 marks)

 b) Explain **FIVE** documents that a trader can use in transacting business after the buyer has

 ordered for the goods. (10 marks)

1. a) The following information relates to Bahati enterprises.

**Details**  **Shs.**

Stock 1st January 2012 430,000

Purchases 930,000

Sales 1,155,000

Carriage outwards 25,000

Carriage inwards 10,000

Returns outwards 20,000

Returns inwards 30,000

General expenses 100,000

Insurance 25,000

Stock 31st December 2012 470,000

**Calculate**

1. Turnover (1mk)
2. Rate of stock turn over (3mks)
3. Mark up (2mks)
4. Margin (2mks)
5. Net Profit (2mks)

. The following transactions relate to Pumua Wholesalers for the month of March 2011. March 1: Bought goods on credit from Kawe distributors Shs.26,200, Kamakia Shs. 15600,

 Mambo Shs.33,360.

 March 2: Sold goods on credit to Fuma retailers Shs.37,200, Tito grocers Shs.25,500 and

 Wamba traders Shs. 16,250.

 March 6: Returned goods to Kamakia Shs.2,400 and Mambo Shs.4,160.

 March 9: Sold goods on credit to Tamu Shs.5,500 and Patu Shs. 18,200.

 March 11: Bought goods on credit from Chuma Shs.33,840.

 March15: Goods returned by Tamu Shs. 1,500 and Fuma retailers Shs. 1,820 and Patu

 Sh.2,600.

 March 18: Bought goods on credit from Jama Shs.21,210 and Sama Shs.53,850.

 March 26: Credit sales to Kamanja Shs. 16,600, Orengo Shs. 19,260 and Wama traders

 Shs. 15,200.

 **REQUIRED:**

 Enter the above transactions in the respective journals. (10mks

1. a) Explain **FIVE** benefits of sharing of office machines in an office (10 marks)

 b) Explain **five** benefits that Kenya will reap after the completion of the standard gauge railway (SGR) (10 marks)