565/3

BUSINESS STUDIES

JULY 2016

Time:2 ½ Hours

 ASUMBI-RAMBA BUSINESS JOINT

 Kenya Certificate of Secondary Education

Business Studies

Paper 2

Instructions to candidates

Answer any five questions in the answer sheet provided

All questions carry equal marks

 FOR EXAMINERS USE ONY

|  |  |  |
| --- | --- | --- |
| Question  | a) | b) |
| 1 |  |  |
| 2 |  |  |
| 3 |  |  |
| 4 |  |  |
| 5 |  |  |
| 6 |  |  |

Total

1 a)Outline five factors that hinder entrepreneurial practices in Kenya (10mks)

 b) Outline five monetary tools that can be used by the Government to control inflation (10mks)

2 a)Outline five benefit of e-commerce (10mks)

b)Outline five features of departmental stores (10mks)

3 a)Highlight five reasons why a manufacture would prefer to transport raw materials by rail instead of using road transport (10mks)

b) The diagram below represent the population and output per capital of a certain county.Highlight any five challenges to the county if total population is found at a part marked A (10mks)

output per

capita

 A B

 P population

 Output population

4 a) Outline five roles played by intermediaries in the chain of distribution (10mks)

b) Record the following transaction in the relevant ledger accounts,balance the accounts (8mks) and extract a trial balance (4mks)

date transaction

1/4/07 Mary started a business with kshs ,180000 cash

2/4/07 Bought stationery for kshs.4000 and paid in cash

3/4/07 Opened a bank account and deposited kshs.50,000 from the cash till

4/4/07 Bought motor vehicle worh kshs.250,000 from Ranah Motors on credit

5/4/07 Bought postage stamps for kshs.150 in cash

5 a)Outline the significance of the following documents used in international trade

i) Letter of credit (2mks)

ii) Bill of lading (2mks)

iii) Certificate of origin (2mks)

iv)Commercial invoice (2mks)

v) Indent (2mks)

6 a) Outline four challenges that may be faced when comparing standards of living between countries that have the same amount of national income (8mks)

b) The following information rates to BIMA Traders limited for the year 2014

net sales sh.320,000

Margin 25%

Expenses shs.35,000

Rate of stock turnover 6 times

Capital shs.180,000

From the informationgiven above calculate:

i) Gross tax (3mks)

ii)Cost of goods sold (2mks)

iii) Net profit (2mks)

iv) Average stock (3mks)

v) Rate of return on capital (2mks)