Name _____ Index No. _____

Candidate's Signature _____

Date _____

565/2
BUSINESS STUDIES
PAPER 2
JULY / AUGUST 2014
2 ½ HOURS

KATHONZWENI SUB-COUNTY FORM IV PRE-TRIAL EXAMINATION
Kenya Certificate of Secondary Education
BUSINESS STUDIES
PAPER 2
2 ½ HOURS

INSTRUCTIONS TO CANDIDATES

- Answer any 5 questions in the spaces provided after every question.

This paper consists of 13 printed pages

Turn Over

1. (a) State and explain any **five** measures taken by Kenyan government to deal with the problem of youth unemployment. (10 marks)

1. (b) Outline **five** factors considered when determining premiums to be paid for a life assurance policy. (10 marks)

2. (a) Describe **five** ways in which commercial banks enhance development of business activities in an economy. (10 marks)

2. (b) Explain **four** problems associated with determining consumer price indices in an economy. (8 marks)

3. (a) East Africa community is one of the trading blocs in Africa where Kenya is a member. Outline any **five** benefits of it to Kenya. (10 marks)

3. (b) Outline **five** features that differentiate a perfect competition market from a monopoly market. (10 marks)

4. (a) Explain any **five** problems that farmers encounter when they sell their produce through marketing boards. (10 marks)

4. (b) Discuss **five** factors that influence the decisions on what goods and services to produce. (10 marks)

5. Omandi and sons operate a wholesale business and had the following transactions during the month of October 2005.

1st Oct - Sold goods on credit worth Kshs. 1,800 to Mutuku
2nd Oct - Sold 150 shirts at shs. 300 each on credit to Moraa.
3rd Oct. - Bought goods on credit worth Kshs. 7,600 from Kima wholesalers.
5th Oct - Sold 25 bags of sugar to Mutile at shs. 3000 each on credit
10th Oct - Sold old machine to Mbithi worth shs. 20,000 on credit.
15th Oct - Bought 60 bags of biscuits for resale at shs. 40 each on credit from Mwanaisha.
25th Oct - Bought motor vehicle worth shs. 250,000 on credit from Eari traders
30th Oct - Bought goods worth shs. 4,000 on credit from Mayengo traders

Required:

(a) Prepare the relevant journals to record the above information. (10 marks)

5. (b) Summarise and post the transactions in the relevant ledger accounts for the month of Oct. (10 marks)

6. (a) Outline **four** ways in which entrepreneurs contribute to the production of goods and services. (8 marks)

6. (b) Explain **six** purposes of public finance in Kenya. (12 marks)

ANSWERS:

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