

NAME INDEX NO.
SCHOOL SIGNATURE
DATE

565/2

BUSINESS STUDIES

PAPER 2

JULY/ AUGUST, 2014

TIME: 2¹/₂ HOURS

MBOONI EAST 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

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Question No	1	2	3	4	5	6	TOTAL
Marks							

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Business Studies

Paper 2

1. (a) Explain five benefits that Kenya may get as a member of C.O.M.E.S.A. (10 marks)
- (b) Explain five ways in which government may control monopoly power. (10 marks)
2. (a) Explain five benefits that may be realized by a country as a result of government policy to relocate industries in rural areas (10 marks)
- (b) Despite their poor performance, the government is still interested in operating public corporations in the country. Explain five reasons why this is so? (10 marks)
3. (a) Explain five ways in which commercial banks help in facilitating business activities in a country (10 marks)
- (b) Advertising in the newspaper is one way of promoting sale of goods. Explain five limitations of advertising goods in newspaper. (10 marks)
4. (a) Explain five factors that may limit adoption of modern technology in business operations (10 marks)
- (b) The following balances were extracted from the books of SAKATA traders ON 31st DEC 2010.
- | | sh |
|-------------------------|-----------------|
| Machinery | 360 000 |
| Furniture | 430 000 |
| Sales | 500 000 |
| Opening stock | 75 000 |
| Closing stock | 170 000 |
| Purchases | 395 000 |
| Rent income | 72 000 |
| General expenses | 60 000 |
| Debtors | 62 250 |
| Creditors | 101,550 |
| Bank | 202 000 |
| Cash | 88 800 |
| Capital | 1000 000 |
- Required
- (a) Prepare
- (i) Trading profit and loss account for the year ended 31st Dec.2010. (5 ½ marks)
- (ii) Balance sheet as at 31st Dec .2010 (4 ½ marks)
5. (a) since the year 2005, many small businesses in Kenya have expanded and grown into large enterprises. Explain five causes of business success in Kenya. (10 marks)
- (b) The table below shows population trend of country x over a period of five years.
- | Year | population |
|-------------|-------------------|
| 2005 | 24,900,000 |
| 2006 | 24,700,000 |
| 2007 | 23,000,000 |
| 2008 | 22,500,000 |
| 2009 | 20,659,000 |
- Assuming that the country had an optimum population at the end of 2005. Explain five possible effects of the population trend on the country's economy (10 marks)
6. (a) Outline four benefits that Kenya will reap after the completion of the Lamu port and Lamu - South Sudan-Ethiopia transport corridor (lapset) project whose construction is under way. (8 marks)
- (b) On 1st January 2011 Pasha Enterprises had sh. 22 500 in cash and sh.250, 000 at bank. During the month the following transactions took place.
- 2nd January _Made cash sales of sh.465200
- 5th January -Received a cheque for sh.451, 250 from Kamau traders in full settlement of their debts, after allowing a 5% cash discount.
- 15th January - paid Ndaru traders sh .184, 000 in cash after deducting a cash discount of sh .16000
- 18th January - Sold goods on credit to Kavoi sh .8000
- 20th January - Deposited sh.200, 000 from the cash till into the bank.
- 25th January - paid wages sh.144, 000 in cash
- 28th January - Settled Mbago traders account of sh.300, 000 by cheque, less 15% cash discount.
- 29th January - Withdrew sh.250, 000 from the bank for office use.
- 30th January -Deposited all the cash into the bank except sh 59,700.
- Prepare a duly balanced three column each book. (12 marks)

ANSWERS:

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