

Name..... Index No:.....

**565/2**  
**BUSINESS STUDIES**  
**PAPER 2**  
**JULY/AUGUST 2014**  
**TIME: 2 ½ HOURS**

Candidate's Signature .....  
Date: .....

## **NYATIKE SUB-COUNTY JOINT EVALUATION EXAM**

*Kenya Certificate of Secondary Education (K.C.S.E.)*

**565/2**  
**Business Studies**  
**Paper 2**  
**2 ½ Hours**

### **INSTRUCTIONS TO CANDIDATES**

- Write your **name** and **index number** on the answer booklet provided.
- This paper consists of **six** questions.
- Answer ***any five questions***.
- All questions carry equal marks.

**For Examiners Use Only**

Question	1	2	3	4	5	6	TOTAL
Marks							

*This paper consists of 2 printed pages. Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing.*

1. (a) Explain **five** circumstances under which an Insurance Company may not compensate the insured in the event of a loss (10mks)
- (b) Explain **five** features of a perfect market (10mks)
2. (a) Explain **five** problems associated with depreciation of currency in an economy (10mks)
- (b) Explain **five** ways in which the Kenyan government can encourage entrepreneurship in Kenya (10mks)
3. (a) Sori Traders made the following credit sales in the month of August 2010
 

1/8/10	Onyango Sh.2000, Pamzo Sh.6000
5 <sup>th</sup> /8/2010	Chacha Shs.5000
10/8/2010	Kavuludi Sh.2500
	Onyango Sh.3000
15/8/2010	Onyango Shs.4500
	Pamzo Sh.5000
30 <sup>th</sup> /8/2010	Otieno Sh. 8000, Ndugu Shs.1500

Enter the above transactions in the relevant journals, post the entries to the relevant ledgers and balance off the accounts (12mks)
- (b) Explain **four** public sector activities aimed at attracting foreign investment (8mks)
4. (a) Explain **five** methods which the central bank may use to reduce money circulation in the economy (10mks)
- (b) Explain **five** benefits of privatizing government parastatals (10mks)
5. (a) Explain **five** problems which consumers may face where warehouses do not exist (10mks)
- (b) High national income may not necessarily mean better welfare for the citizens of that country. Explain the above statement giving five reasons (10mks)
6. (a) Explain **five** reasons why demand for a commodity may not significantly rise with a decrease in price (10mks)
- (b) The following balances were extracted from the books of Panyako traders for the year ended 31<sup>st</sup> /July/2010

Stock 31/6/09 80,000

Sales returns 6000

Purchase returns 4000

Sales 600 000

Stock 31/7/2010 60,000

Purchases 360,000

Carriage inwards 12000

Calculate

(i) Margin (3mks)

(ii) Rate of stock turnover (3mks)

(iii) Mark-up (3mks)

(v) Net purchases (3mks)

**ANSWERS:**

Order a copy of answers from [www.schoolsnetkenya.com/order-e-copy](http://www.schoolsnetkenya.com/order-e-copy)

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