

565/2

BUSINESS STUDIES

PAPER 2

JULY / AUGUST, 2014

2½ HOURS

SUBUKIA DISTRICT EVALUATION TEST (SUBDET)

Kenya Certificate of Secondary Education 2014

565/2

BUSINESS STUDIES

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JULY / AUGUST 2014

INSTRUCTIONS TO CANDIDATES

- ❖ This paper consists of **six** questions
- ❖ Answer any **5** questions
- ❖ Write your answers in the answer sheet provided
- ❖ All questions carry equal marks
- ❖ Candidates should check the question paper to ascertain that all pages are printed as indicated and that no questions are missing

1. (a) Identify FIVE factors that distinguish a single shop from a tied shop(10mks)

(b) Explain FIVE circumstances when an insurance company may not compensate the insured (10mks)

2. (a) M-banking has been adopted by many banks in Kenya today. Explain **five** advantages enjoyed by a customer who utilizes M-banking. (10marks)

(b) State and briefly explain FIVE factors that a firm should consider when choosing a method of promoting its products (10mks)

3. (a) 4. Discuss **FIVE** reasons why Kenya may not be an industrialized state by the year 2030. (10mks)

(b) Highlight FIVE factors that may lead to a shift in demand curve from right to left (10mks)

4. (a) There has been less use of containerization to transport goods in Kenya. Explain FOUR possible causes. (10mks)

(b) The following trial balance was extracted from the books of Tangaza traders for the year ended 31st August 2012.

Tangaza traders

Trial balance

As at 31st August 2012

	Dr	Cr
Machinery	30,000	
Motor vehicle	40,000	
Land & building	60,000	
7 years bank loan		40,000
Stock	20,000	
Cash at bank	20,000	

Debtors	16,000	
3 years ADB loan		30,000
Creditors		16,000
Cash in hand	12,000	
Drawings	14,000	
Bank overdraft		22,000
Capital		104,000
	<u>212,000</u>	<u>212,000</u>

Required

- (i) Prepare a balance sheet as at 31st August 2012
- (ii) Determine: (a) Working capital
 - (b) Capital employed
 - (c) Borrowed capital (10mks)

5. (a) 4. Explain FIVE factors that a businessman would consider in determining the appropriate channel for distributing goods

(b) Explain **FIVE** factors that may lead to business Mergers. (10mks)

6(a) On January 1st 2009, Maombi traders had Ksh: 36,000 in cash and Ksh: 340,000 in the bank. During the month the following transactions took place.

7th paid Pemwai trades Ksh: 50,000 by cheque. Less 2,000 cash discount.

18th sold goods for Ksh: 28,000 cash. Less 5% cash discount.

30th banked all the cash except Ksh: 10,400.

Enter the above transactions in the cash book. (10mks)

ANSWERS:

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