KITUI WEST SUB-COUNTIES KCSE REVISION MOCK EXAMS 2015

BUSINESS STUDIES

PAPER 2

SCHOOLS NET KENYA
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DATE _____

565/2

BUSINESS STUDIES

PAPER 2

JULY/AUGUST, 2015

TIME: 2½ HOURS

KITUI WEST, MATINYANI, MUMONI & TSEIKURU SUB-COUNTIES

FORM FOUR JOINT EXAMINATION, 2015

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

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

INSTRUCTIONS TO CANDIDATES

1. Write your name, school and index number in the spaces provided above.
2. Write the date of examination and sign in the spaces provided above.
3. This paper consists of **6** questions.
4. Answer **any five** questions.
5. Write your answers in the spaces provided in pages 4 – 12.
6. All questions carry equal marks.
7. This paper consists of **12** printed pages.
8. Candidates should check to ensure that all pages are printed as indicated and no questions are missing.

FOR EXAMINER'S USE ONLY

Question	Maximum score	Candidate's score

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1	20	
2	20	
3	20	
4	20	
5	20	
6	20	
	Total score	

1. a) The following demand schedule shows a change in demand of milk in Kiwi County in a certain period.

Price of 500ml Milk packet (Ksh)	Quantity demanded (Q_o)	Quantity demanded (Q_1)
50	5000	7000
55	4500	6500
60	4000	6000
65	3500	5500
70	3000	5000

Explain **five** factors that could have caused the change in demand of milk from Q_0 to Q_1. (10 marks)

b) The following transactions for the month of June 2013 were extracted from the books of Kyondoni Retail Traders

June 1st Received invoice number 122 valued Kshs. 10,000 from Onyango

June 5th Received invoice number 345 worth Kshs. 8,400 from Pendo Traders.

June 16th Received invoice number 207 worth Kshs. 15,000 from Jasho Traders.

June 26th Received invoice number 500 from Kurasini Traders worth Kshs. 6,500

Required:

i) Prepare the relevant journal for Kyondoni Retail Traders. (5 marks)

ii) Post the transactions to the relevant ledger accounts for Kyondoni Retail Traders. Do not balance off the ledger accounts. (5 marks)

2. a) Explain **five** benefits business firms enjoy as a result of government involvement in business activities. (10 marks)

b) Explain **five** causes of cost push inflation in an economy. (10 marks)

3. a) Explain **five** factors one should consider in choice of a method of product promotion. (10 marks)

b) Explain **five** measures that would be taken by a country in order to correct her balance of payment deficit. (10 marks)

4. a) Explain **five** demerits of indirect taxes. (10 marks)

b) Explain **five** principles of insurance. (10 marks)

5. a) Explain **five** differences between commercial banks and non-banking financial institutions. (10 marks)

b) Musengo hardware dealers had the following trial balance for as 31st December, 2014.

TRIAL BALANCE AS AT 31/12/2014

ACCOUNT	DEBIT	CREDIT
Stock (1/1/2014)	80,200	
Discount		7,500
Returns	20,800	12,600
Equipment	3,000,000	
Motor vehicles	5,890,000	
Debtors / creditors	316,800	775,400
Purchases / sales	1,120,000	1,880,000
Carriage outwards	12,700	
Carriage inwards	40,000	
Lighting	40,000	
Insurance	60,700	
Repairs	230,000	
Capital		8,110,000
Bank		25,700
	10,811,200	10,811,200

Closing stock was valued at Ksh. 55, 000.

Required:

Trading, profit and loss account for the year ended 31/12/2014. (10 marks)

6. a) Explain **five** problems encountered in measuring national income using the income approach. (10 marks)

b) Explain **five** factors that encourage entrepreneurship in Kenya. (10 marks)