

Name: Index No.

School: Date: Candidate's Sign

565/2

BUSINESS STUDIES

PAPER 2

FORM 4

MARCH/APRIL 2013

TIME: 2 ½ HOURS

PENTAGON JOINT EXAMINATIONS- 2013 WARENG DISTRICT

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

INSTRUCTIONS TO CANDIDATES

- This paper comprises of six Questions
- Each Questions carries 20 marks.
- Answer ANY FIVE questions on answer booklet provided.

1. a) Outline five ways in which commercial attaches may promote trade between their country and other countries. (10marks)
- b) Kenya economy is experiencing rapid growth of microfinance institutions (e.g. Faulu Kenya, KWFT, etc). Explain five roles of existence of such institutions. (10marks)
2. a) The following information relates to Maji Mazuri Traders as at 31/12/2008.
- Machinery kshs.300,000.
 Stock kshs.80,000.
 Bank kshs.40,000.
 Furniture kshs.100,000.
 Current liabilities kshs.60,000.
 Expenses kshs.50,000.
 Gross profit for the year kshs.150,000.
 Sales kshs.400,000.

Calculate:

- i) Rate of return on capital employed. (2marks)
- ii) Current ratio (2marks)
- iii) Margin (2marks)
- iv) Working capital (2marks)
- v) Mark up (2marks)
- vi) Quick ratio (2marks)
- b) Kenyan economy is undergoing developmental transformation towards a devolved system. Highlight four advantages of devolution as an economic development strategy. (8marks)
3. a) The capital of Mbogo's business on 1st January 2013 amounted to kshs.180,000. while on 31st January 2013 it was kshs.100,000. During the year Mbogo invested an additional kshs.33,000. into the business and made drawings amounting to kshs.64,000. Calculate the profit or loss made by the business in that financial period. (4marks)
- b) Explain four methods of price determination of products other than price mechanism in an oligopolistic market. (8marks)
- c) Describe four circumstances under which a partnership business concern may dissolve. (8marks)
4. a) Explain six reasons that may lead to the ineffectiveness of consumer associations in protecting consumers in Kenya. (12marks)
- b) Describe four principles of public finance. (8marks)
5. a) Explain four roles of ethics in the business operations. (8marks)
- b) With the aid of an appropriately labeled diagram explain four circumstances under which supply curve may shift to the right hand side. (12marks)
6. a) On January 1st, 2010 the cash book of Mwala traders showed the cash and bank balances of kshs.3,500 and kshs.15,700 respectively. Transactions that took place during the month are as follows:
- 2010
- Jan 2. Cash sales Kshs.12,500.
 Jan 4. Paid wages kshs.1,200. in cash
 Jan 7. Received a cheque for kshs.22500 after allowing a discount of kshs.2500 from ABC Co. Ltd
 Jan 11. Sold goods on credit kshs.15,000.
 Jan 13. Deposited kshs.10,000. cash to bank account
 Jan 18. Settled creditors kshs.6,000. less 10% discount by cheque
 Jan 24. Bought goods for kshs.7,000. amount to be paid later
 Jan 28. Sold an old furniture for kshs.1,000. cash
 Jan 30. Withdrew kshs.18,000. from bank for personal use
 Jan 31. Took kshs.7,000. cash from bank for office use

Required

- a) Three column cash book (10marks)
- b) Enter all the following transactions in the general journal. (10marks)
- 2010
- May 1. Bought a motor vehicle on credit worth kshs.280,000. from Nakuru Motors Ltd
 May 3. Sold equipment for kshs.45,000. on credit to Cheptiret stores
 May 5. A debtor, Miss Chelimo, settled her debt of KShs.20,000. by giving up furniture worth same amount
 May 6. Settled a creditor kshs.40,000. in cash
 May 7. A debtor settled her account kshs.60,000. cheque