

NAME:.....INDEX NO:.....

SCHOOL.....DATE:.....

CANDIDATE'S SIGN: .....

565/2

**BUSINESS STUDIES**

**PAPER 2**

**MAY – JUNE 2014**

**TIME: 2½ HRS**

**EKSIKA JOINT EVALUATION TEST**  
*Kenya certificate of Secondary Education*

**INTRODUCTION TO CANDIDATES**

1. Answer any five questions
2. Write your answers in the answer sheet provided
3. All questions carry equal marks

*This paper consists of 3 printed pages. Candidate should check to ascertain that all pages are printed as indicated and that no questions are missing.*

**Answer any five questions**

1. a) Using a table explain **five** differences between cooperatives and companies. (10mks)  
b) High dependency ratio on the few employed is a problem affecting most countries in the world. Explain **five** measures that each country can use to solve the problem.(10mks)
2. a) Explain **five** factors that can lead to a monopoly market structure. (10mks)  
b) Explain **five** ways how the manufacturers enhance consumer protection. (10mks)
3. a) Explain the measures the central bank can use to regulate money supply. (10mks)  
b) The government of Kenya has found it beneficial to reduce its participation in business activities. Explain **five** benefits of this . (10mks)
4. a) The trial balance below was extracted from books of Dosho stores on 30<sup>th</sup> April,2009

**DOSHO STORES**

**TRIAL BALANCE AS AT 30<sup>TH</sup> APRIL, 2009**

Details	Dr (ksh)	Cr (ksh)
Sales and Purchases	14,000	214,000
Returns	4,000	8,000
Carriage inwards	3,500	
Carriage outwards	4,200	
Stock (1/5/2007)	10,000	
Discount	6,800	9,400
Electricity	4,500	
Salaries	8,600	
Motor vehicle	300,000	
Debtors and creditors	14,000	41,000
Cash in hand	15,000	
Capital		112,200
	384,600	384,600

Additional information;

Stock on 30<sup>th</sup> April, 2009 was valued at Ksh. 6500.

**Required:** Prepare, a trading profit and loss account for the year ended

30<sup>th</sup> April, 2009. (12mks)

b) Explain **four** differences between general property insurance and life insurance. (8mks)

5. a) Explain **five** merits of direct tax. (10mks)

b) Explain **five** ways how division of labour and specialization enhances business performance. (10mks)

6 a) The following transactions relate to Makindu bookshop for the month of April 2008

April 1. Makindu bookshop had cash in hand of Ksh. 15,000 and cash at bank Ksh. 40,000.

2. Abdul settled his debt of Ksh. 10,000 less 20% discount.

9. Makindu paid house rent of Ksh. 4,000 by cash.

12. Cash sales of Ksh. 14,000

14. Brought into the business a personal computer worth Ksh. 20,000

17. Purchased furniture worth Ksh. 3,000 by cheque

18. Withdrew Ksh. 2,000 from bank for business use.

19. Settled Asenath's debt of Ksh. 4,000 by cheque after being allowed 5% cash discount

20. Received Ksh. 6,000 cash from Njeri, a debtor.

21. Kambu paid Ksh. 4,000 by cheque after being allowed a discount of 20%

25. Deposited Ksh. 1,700 in the bank from Private sources.

26. Paid Ksh. 4000 to Ali and Ksh. 3000 to Amos after receiving a cash discount of 2% and 3% respectively.

30. Banked all the cash except Ksh. 1000.

**Required:** Prepare a three column cash book duly balanced for the month of April 2008.

b) Explain any **four** business macro- environment factors showing how factor affects business operations. (8mks)