

565/2
BUSINESS STUDIES
PAPER 2
JULY / AUGUST 2014
TIME: 2½ HOURS

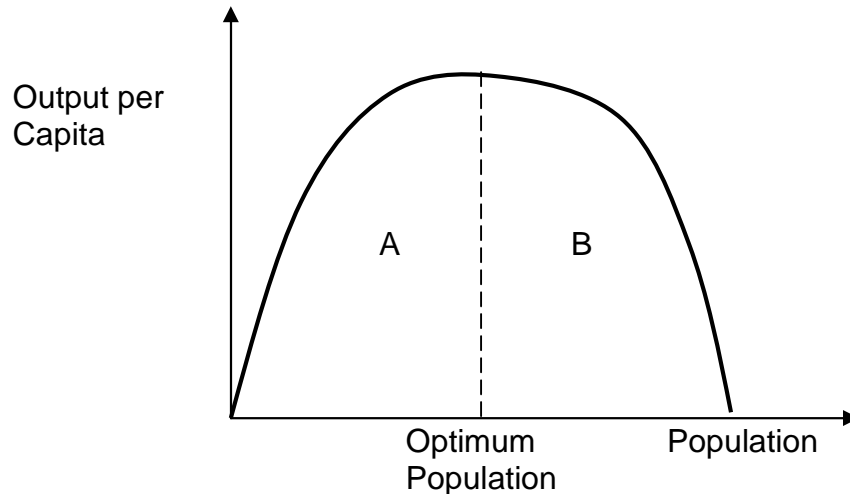
KURIA EAST SUB-COUNTY JOINT EXAMINATIONS COUNCIL 2014

Kenya Certificate of Secondary Education
BUSINESS STUDIES
PAPER 2
TIME: 2½ HOURS

INSTRUCTIONS TO CANDIDATES:

1. This paper consists of **six** questions.
2. Answer any **FIVE** questions.
3. **All** answers should be written in the answer booklet provided.
4. Do **not** write on the question paper.

1. (a) Explain any **five** means of payment that are available to traders in Kenya. (10mks)
 (b) Explain **five** measures that a country may take to ensure proper development planning. (10mks)
2. (a) Explain **five** measures that a business may take to safeguard and control its property. (10mks)
 (b) The diagram below represents the population output per capita of a certain country. Explain **five** challenges to the country if her total population is found at the part marked **A**.



3. (a) Explain **five** benefits to a business that adopts an enclosed office layout. (10mks)
 (b) Explain any **five** negative effects of free trade to a country. (10mks)
4. (a) Explain **five** benefits of advertising to a consumer. (10mks)
 (b) The following information was obtained from the Books of Ocampo Traders for the year ended 31st December 2012.

	Shs.
Purchases for the year	400,000
Carriage inwards	50,000
Capital	1,000,000
Sales	800,000
Total expenses	195,000
Stock on 1 st Jan. 2012	40,000
Returns outwards	30,000
Stock on 31 st Dec. 2012	100,000
Total creditors	35,000
Debtors	30,000
Returns inwards	45,000

Calculate:-

- (i) The cost of goods sold. (2mks)
- (ii) Gross profit (2mks)
- (iii) Margin % (2mks)
- (iv) Rate of stock turn over (2mks)
- (v) Rate of return on capital (2mks)

5. (a) Maroa is a trader at Kehancha town. Explain **five** benefits he would enjoy when he opens a current account with a commercial bank. (10mks)

(b) Despite their poor performance, the government is still interested in operating public corporations in the country. Explain **five** reasons why this is so. (10mks)

6. (a) Explain **five** factors influencing the choice of channel of distribution. (10mks)

(b) The following information relates to Boke Enterprises for the month of June 2011.

- 1st June Credit purchases from Kalembe received invoice No. 10 shs. 38,000
- 3rd June Purchased goods on credit from Wetangula, Shs. 60,000 and received invoice No. 11
- 5th June Returned goods to Kalembe received credit note No. 24 Shs. 5600.
- 20th June Purchase returns to Wetangula, credit No. 42 shs. 10000.
- 30th June Credit purchases from Wetangula, invoice No. 18, Shs. 5000.

- (i) Enter the information in the relevant journal(s). (5mks)
- (ii) Post the information to the relevant ledger accounts in the ledgers. (5mks)