

NAME:.....

INDEX NO:.....

SCHOOL:.....

CANDIDATE'S SIGN:.....

DATE:.....

565/2

BUSINESS STUDIES

PAPER 2

JULY/AUGUST - 2014

TIME: 2 ½ HOURS

MERU COUNTY JOINT EVALUATION EXAM - 2014

Kenya Certificate of Secondary Examination K.C.S.E

565/2

BUSINESS STUDIES

PAPER 2

JULY/AUGUST - 2014

TIME: 2 ½ HOURS

INSTRUCTIONS TO CANDIDATES

- a) This paper consists of six questions
- b) Answer ANY FIVE questions
- c) All questions carry equal marks

*This paper consists of 4 printed pages.
Candidates must check to ascertain that all pages are printed as indicated
and that no question(s) is/are missing.*

- (a) Outline five differences between goods and services. (10mks)
- (b) Currently, commercial banks are establishing Banking agencies in different parts of the country. Explain five benefits that are enjoyed by their customers. (10mks)
- (a) Explain four methods the government may use to protect the consumers. (8mks)
- (b) With aid of diagrams, distinguish between a shift in demand curve and movement along a demand curve. (12mks)
- (a) Explain five factors that may be considered when choosing a means of communication (10mks)

(b) On 1st Jan. 2011 Ochola Traders had cash in hand Shs 87 040 and cash at Bank Shs 24,900. During the Month, the following took place.

Jan 2 Cash sales Sh 49,000. Issued a receipt No. 100

4 Paid wages Shs 10, 490 by cheque, cheque No. 002

5 Received a cheque for Shs 76, 000 from Kim after allowing him a cash discount of 5%. Receipt No. 004

13 Settled Kamau's account by paying Shs. 43, 400 in cash having deducted Shs 600 cash discount. Receipt No. 120

17 Withdrew Shs 24,000 from Bank for office use

20 Received Shs. 15, 600 cash from Mwikala in settlement of his account after deducting Ksh 700 cash discount. Receipt No. 131

22 Bought office machine sh 23,000 in cash, receipt No. 140

24 Withdrew Shs 4, 995 cash for private use

25 Paid wages sh 2, 900 in cash, receipt No. 300

29 Received a cheque for Shs 140, 000 in respect to cash sales.

Receipt No. 303

Required:

- Prepare (i) A cash Receipts Journal
(ii) A cash payments Journal

(10mks)

- (a) Explain five roles of African Development Bank (ADB) in enhancing development in Member Countries. (10mks)
- (b) Explain five ethical practices that should be observed in a business organization. (10mks)
- 5 (a) Explain five roles of Nairobi Securities Exchange Market. (10mks)
- (b) Outline five channels that are used to distribute manufactured goods from Kenya to Uganda. (10mks)
- 6 (a) Explain five principles of Insurance. (10mks)

(b) The following cash transactions took place in the business of Muangua Traders on the dates shown:

2012

- | | | |
|-----|----|--|
| Jan | 1 | Started a business with capital Sh. 300,000 in cash and Shs 400,000 at bank. |
| | 2 | Bought furniture by cheque Sh 20,000 |
| | 3 | Paid rent by cash Sh 25 000 |
| | 4 | Bought goods by Cheque Sh 55,000 |
| | 5 | Cash Sales sh 70,000 |
| | 6 | Received Cash from Gitonga a debtor shs 42,000 |
| | 7 | Cash sales directly banked Sh 43,000 |
| | 8. | Took Cash to the bank Sh. 23,000 |
| | 9. | Received Commissions in cash 12,000 |
| | 10 | Paid salaries by cheque Sh 60,000 |
| | 11 | The owner took cash from bank for personal use Sh 15000 |
| | 12 | Withdrew Cash from bank for office use Sh 80,000 |
| | 13 | Paid transport on goods to the business premises in Cash Sh 7000 |
| | 14 | Paid Mutethia, a creditor by cheque Sh 35 000 |
| | 15 | Paid electricity expenses in Cash Sh 25 000 and Sh 40,000 by cheque |
| | 16 | Took sh 60,000 from office to his wife as a gift |

Required:

Prepare single Column Cash books. (10mks)