

565/2

BUSINESS STUDIES

PAPER 2

JULY / AUGUST 2014

TIME: 2½ HOURS

NANDI NORTH SUB-COUNTY JOINT EVALUATION 2014

Kenya Certificate of Secondary Education

BUSINESS STUDIES

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TIME: 2½ HOURS

INSTRUCTIONS TO CANDIDATES:

1. This paper consists of **six** questions.
2. Answer any **FIVE** questions.
3. Write your answers in the answer booklet provided.
4. All questions carry equal marks.

1. (a) In most secondary schools in Kenya members of staff are accommodated in one large room. Explain **five** disadvantages associated with this kind of arrangement. (10mks)
- (b) Explain **five** problems associated with the calculation of national income using the income approach. (10mks)
2. (a) Explain **five** circumstances that can lead to the termination of an insurance policy. (10mks)

(b) You have been provided with the following information of Bett's Bakers.

Stock on 31 st December 2008	10,000
Stock on 1 st January 2008	12,000
Purchases	40,000
Sales	65,000
Returns outwards	500
Returns inwards	450
Carriage outwards	1,700
Carriage inwards	2,300
Salaries	4,000
Postage	3,100
Rates	1,800
Capital	100,000
Discount received	5,150

Calculate:-

- (a) Cost of goods sold (2mks)
- (b) Gross profit (2mks)
- (c) Net profit (2mks)
- (d) Margin (2mks)
- (e) Mark up (2mks)
3. (a) Outline the reasons that contributed to the difference in terms of trade among nations. (10mks)
- (b) Using illustration, distinguish between a shift in the demand curve and a movement along a demand curve. (10mks)

4. (a) State ways in which you can improve the productivity of labour as a factor of production. (10mks)

(b) Use the following transactions that relate to Shali manufacturers to prepare a cash receipt journal and post them to the relevant ledger account. (10mks)

July 1st: Received cash from Machoka sh. 1,000 receipt No. 001

July 2nd: Basweti paid his debt of sh. 2,400 by cheque No. 003 less a cash discount 5%.

July 3rd: Cash sales sh. 4,200 receipt No. 004

July 4th: Cash sales sh. 7,800 receipt No. 005

July 5th: Cash sales sh. 10,000 receipt No. 10

July 6th: Received cheques from the following debtors:

Basweti sh. 5000, Kimanzi sh. 7200, Mwazighe sh. 9,000, having given each cash discount of 10%.

5. (a) Outline the roles played by the stock exchange market. (10mks)

(b) Discuss ways in which the government of Kenya may solve the problem of unemployment in the country. (10mks)

6. (a) Explain **five** recent trends in product promotion. (10mks)

(b) The following transactions took place in the month of May 2009.

May 1 Started business with sh. 130,000 in cash and sh. 240,000 at bank.

May 2 Bought a motor vehicle paying by cheque sh. 100,000.

May 3 Paid the following accounts by cheque:

Mwadime sh. 8,000

Weru sh. 17,000

Tugo sh. 10,000

A deduction of a 5% discount was to be done in each case.

May 4 Received cash from the following accounts;

Bahati sh. 7,200

Wambui sh. 18,000

Nafula sh. 13,500

Each had been allowed a 10% cash discount.

- May 5 Paid the following expenses by cheque:
- | | |
|-------------|-----------|
| Transport | sh. 5,000 |
| Electricity | sh. 4,000 |
| Rent | sh. 7,000 |
- May 6 Withdrew sh. 10,500 from the bank for office use.
- May 7 Received a cheque of sh. 24,100 from Odongo, having allowed him a discount of sh. 900.
- May 9 Bought stationery sh. 1,500 in cash.
- May 10 Paid Wangi by cash sh. 4,500, having received a discount of sh. 500
- May 12 Sold goods sh. 5,600 receiving money by cheque.
- May 23 Deposited all the money in to the bank having a balance of sh. 100,000

Required:

Enter the above transactions in a **three column cash book** and balance it off as at 31st May 2009.