

Name..... Index No:.....

565/2
BUSINESS STUDIES
PAPER 2
JULY/AUGUST 2014
TIME: 2 ½ HOURS

Candidate's Signature
Date:

NYAMIRA SUB-COUNTY JOINT EVALUATION EXAM

Kenya Certificate of Secondary Education (K.C.S.E.)

565/2
Business Studies
Paper 2
2 ½ Hours

INSTRUCTIONS TO CANDIDATES

- Write your **name** and **index number** on the answer booklet provided.
- This paper consists of **six** questions.
- Answer **any five** questions.
- All questions carry equal marks.

For Examiners Use Only

Question	1	2	3	4	5	6	TOTAL
Marks							

This paper consists of 2 printed pages. Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing.

Answer any five questions in the booklet provided

1. (a) Discuss **five** main features of a good money material (10mks)
 (b) Explain **five** roles of the Nairobi stock exchange to the Kenyan economy (10mks)
2. (a) Explain **five** importance of a business plan to an upcoming entrepreneur (10mks)
 (b) Highlight **five** benefits that Kenya can get by engaging in international trade (10mks)
3. (a) Discuss **five** limitations of using National income statistics to measure standards of living in your country (10mks)
 (b) With appropriate diagram explain excess supply and excess demand (10mks)
4. (a) Discuss **five** causes of unemployment in Kenya (10mks)
 (b) Explain **five** mailing services that facilitate communication (10mks)
5. (a) A petty cashier of Boflos Traders operate a petty cashbook on an interest of Sh.5000. on 1st June 2013, he had cash in hand of Sh.300 and was reimbursed the difference by the main cashier to restore his cash float. The following payments were made during the month of June;2013

June 1. Sugar for the staff tea	sh.360
June 2. Telephone	Ksh.510
June 3. Stamps	Shs.500
June 5. Correcting fluid	Ksh.400
June 10. Travelling	Ksh.220
June 15. Postage	Ksh.200
June 16. Entertainment	Ksh.260
June 18 Fare	Ksh.400
June 20 Bread for staff tea	Ksh.296
June 26 Onyonga a creditor was paid	Sh,1000
June Entertainment	Ksh.200

Required:

- Prepare Boflos Traders petty cash book with analysis columns of :staff tea, postage, stationery, travel and Miscellaneous (10mks)
- (b) Describe the procedure of obtaining an insurance policy (10mks)
6. (a) The following balances were extracted from the books of Mwamoturi General stores on 31st December 2012

	Sh.
Capital	4000,000
Sales	150,000
Purchases	80,000
Opening stock (1.1.2012)	20,000
Closing stock (31.12.2012)	10,000
5 years bank loan	100,000
Salaries and wages	40,000
Insurance expenses	10,000
General expenses	25,000
Debtors	35,000
Creditors	22,500
Rent income	50,000
Commission received	15,000

Required

- (i) Prepare a trading, profit and loss account for the year ended 31st December 2012. (6mks)
- (ii) Calculate
 - Mark up (1 ½ mks)
 - Current ratio (1 ½ mks)
 - Rate of stock turn over (1 ½ mks)
 - Rate of return on capital (1 ½ mks)
- (b) Discuss **four** reasons why a government may impose taxes on commodities (8mks)