

GATUNDU SUB COUNTY FORM FOUR 2014 EVALUATION EXAM

565/2

BUSINESS STUDIES

PAPER II

JULY/AUGUST 2014

TIME 2 ½ HOURS

K.C.S.E FORM FOUR EVALUATION EXAMINATION

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INSTRUCTIONS TO CANDIDATES

- This paper consists of six questions
- Answer any five questions
- Write your answers on the answer sheets provided.
- All questions carry equal marks
- Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

1. a) Explain five demerits of government involvement in business activities. (10 marks)  
 b) Outline five functions of commercial banks. (10 marks)
2. a) Explain five problems that a developing country may encounter measuring her national income. (10 marks)  
 b) Candy manufacturer's policy is to distribute goods through wholesalers. Highlight five benefits candy manufacturers may enjoy. (10 marks)
3. a) Describe five ways that a country can use to correct a deficit in her balance of payments. (10 marks)  
 b) Outline five circumstances under which an entrepreneur would prepare a business plan. (10 marks)
4. a) Highlight five differences between a private limited company and a public corporation. (10 marks)  
 b) The following information relate to Mau Mau Traders for the year 2012.

	Shs.
Capital	340,000
Gross profit	108,000
Cost of sales	162,000
Rate of turn over	6 times
Expenses	40,000

From the above information, calculate:-

- (i) Turn over
- (ii) Margin
- (iii) Net profit
- (iv) Average stock
- (v) Rate of return on capital

(10 marks)

5. a) The table below shows population trend of Namimbia over a period of five years.

year	Population
2008	29000 000
2009	28000 000
2010	26000 000
2011	25000 000
2012	24 500 000

Given that the country had an optimum population at the end of 2009, explain five possible effects of the population trend on the country's economy. (10 marks)

- b) Bidii enterprises have decided to construct their own warehouse. Explain five benefits they are likely to derive. (10 marks)

6. a) Describe five factors influencing the choice of a distribution channel. (10 marks)

b) The following information was extracted from the books of Ole Kisii Ltd in the year 2013.

- March
- 1: Credit purchases from Obwocha sh 1200; Agwata sh 3,000 and Nyamamba sh 2500.
  - 5: Credit sales to Okero sh 2000; Michieka sh 4,300; and Omwenga sh 1500.
  - 10: Credit purchases from Onyancha sh 2700; Obwocha sh 6600 and Ombaki sh 3300.
  - 20: Returned goods to Obwocha sh 250 and Onyancha sh 700.
  - 26: Credit sales to Bundi sh 850; Tendu sh 630 and Okello sh 900.
  - 30: Goods were returned by Bundi sh 150 and Michieka sh 130.

Required:

Enter the above transaction in their relevant day books.

(10 marks)