

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

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

Candidate's Signature
Date:

HOMA-BAY 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							

1. (a) Explain **five** benefits that may accrue to a community that is involved in trading activities (10mks)
(b) Explain **five** factors considered by Wapukulu when investing his retirement benefits in a retail business (10mks)
2. (a) Explain **five** reasons why inflation is considered to be a major problem in Kenya (10mks)
(b) Explain **five** reasons why small grocery stores continue to survive where there are supermarkets (10mks)
3. (a) The following transaction for the month of June 2013 were extracted from the books of Ambwere plaza Traders

June 1 st	Goods bought on credit worth Kshs.100 from Onyango
June 2 nd	Goods returned to Makindu traders amounting to Kshs.500 credit Note No.059
June 3 rd	Cash sales worth Kshs.150 receipt no.0245 from ABC traders
June 5 th	Credit purchases worth Kshs.840 from Pendo traders
June 10 th	Paid Ndambuki by cheque Kshs. 840 from Pendo traders
June 16 th	Bought good on credit worth Kshs.1500 from Jasho Traders
June 20 th	Cash purchases worth Kshs.2100 by cash
June 26 th	Purchased goods on credit from Kurasini traders worth Kshs.650

Required Prepare;

- (i) Ambwere traders purchases journal (5mks)
- (ii) Open the relevant ledger accounts for Ambwere traders (5mks)
- (b) Highlight disadvantages of division of labour and specialization (10mks)
4. (a) Explain any **five** characteristics of underdeveloped countries (10mks)
(b) State and explain **five** factors that influence the level of national income in a country (10mks)
5. (a) Discuss **five** ways through which the central bank regulates economic activities in the country (10mks)
(b) Outline **five** features of chain stores (10mks)
6. (a) Differentiate between limited liability companies and cooperatives (10mks)
(b) The following transaction took place in the business of Darasarile Traders in Kisumu 2013

July 1 st	Started Business with capital in cash Kshs.150,000
July 2 nd	Opened a bank account and deposited KShs. 30,000
July 3 rd	Bought buildings in cash Kshs.60,000
July 4 th	Borrowed a loan in cash Kshs.20,000
July 5 th	Bought stationery by cheque worth Kshs.6,000
July 6 th	Repaid part of loan by cheque Kshs.10,000

Required

- (i) Record the following transaction in their various ledger accounts (6mks)
- (ii) Prepare a trial balance (4mks)