

565/2

BUSINESS STUDIES

PAPER 2

JULY / AUGUST 2014

TIME: 2 HOURS

NANDI CENTRAL DISTRICT JOINT MOCK 2014

Kenya Certificate of Secondary Education

BUSINESS STUDIES

PAPER 2

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) Explain **five** ways in which filing of documents facilitates smooth running of an Office. (10mks)
- (b) Highlight **five** disadvantages of cartels to consumers. (10mks)
2. (a) Arap Sang wishes to obtain a loan from a commercial bank. Explain **five** conditions that he should satisfy before he is granted the loan. (10mks)
- (b) Explain **five** current trends in product promotion. (10mks)
3. (a) Explain **five** circumstances under which oligopoly market structure may arise. (10mks)
- (b) Explain **five** disadvantages of using SMS (Short Text Messages) in mobile telephones. (10mks)
4. (a) Explain **five** uses of National Income Statistics. (10mks)
- (b) Explain **five** reasons why the Government controls imports. (10mks)
5. (a) Explain **five** ways through which the central bank control inflation. (10mks)
- (b) On 1st June 2010, Ngamire Traders had cash in hand shs. 87,000 and cash at Bank sh. 250,000.

During the month, the following took place:

June 2: Cash sales sh. 50,000 issued a receipt No. 063

“ 3: Paid salaries and wages shs. 101,500 by cheque, cheque No. 083

“ 6: Received a cheque for shs. 76,800 from Kemunto, after allowing her a cash discount of 4%. Receipt No. 064

“12: Settled Omwambi's account of shs. 40,000 in cash having deducted sh. 800 cash discount. Receipt No. 0656.

“18: Withdrew shs. 30,000 from bank for office use.

“21: Received shs. 16,500 cash from Mwikali in settlement of his account less sh. 600 cash discount. Receipt No. 065.

“22: Bought office furniture by cheque shs. 85,000. Receipt No. 734

“23: Withdrew sh. 5000 cash for private use.

“28: Paid wages sh. 24,000 in cash receipt No. 801

“30: Received a cheque for shs. 150,000 in respect to cash sales. Receipt No. 066.

Required:

- (i) A cash receipt journal (5mks)
(ii) A cash payment journal (5mks)

6. (a) Most of Africa's top professionals do not work in the continent but work in the "Diaspora." Explain five measures that individual countries may use to prevent "Brain Drain." (10mks)

(b) The following information relates to Ingo Traders as at 31st December 2006.

	Shs.
Purchases	400,000
Stock 1-1-2006	150,000
Stock 31-12-2006	50,000
Mark up	25%
Expenses	40% of Gross profit

Calculate:

- (i) Turn over (4mks)
(ii) Net Profit (3mks)
(iii) Rate of Stock turnover (3mks)