

NAME INDEX NUMBER

SIGNATURE

DATE

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HRS

JULY/AUGUST 2014

WESTLANDS FORM 4 JOINT EXAMINATION

Kenya Certificate of Secondary Education

BUSINESS STUDIES

Paper 2

JULY/AUGUST 2014

Time: 2½ hours

INSTRUCTIONS TO CANDIDATES

- a) This paper consists of **six** questions.
- b) Answer **any five** questions.
- c) **ALL** questions carry equal marks.

1. a) Explain five factors that may influence the level of national income of a country. (10 mks)
b) Explain five circumstances under which a wholesaler becomes essential in the chain of distribution. (10 mks)
2. a) Explain five reasons why an individual would prefer to use letters for business communication. (10 mks)
b) Explain five ways in which development banks contribute to the development of Kenya. (10 mks)
3. a) Draw four differences between a co-operative society and a public limited company. (10 mks)
b) The following information relates to Amayo traders for the year ended 31st Dec 2012.
- | | |
|-----------------------|-----------|
| Fixed Assets | 5,000,000 |
| Current assets | 650,000 |
| Net profit | 300,000 |
| Capital | 4,700,000 |
| Current liabilities | 650,000 |
| Sales | 2,000,000 |
| Stock (1st Jan 2012) | 100,000 |
| Stock (31st Dec 2012) | 200,000 |
- Gross profit margin was 20%
- Calculate
- current ratio
 - Gross profit
 - Rate of stock turnover
 - Capital employed
4. a) Highlight five measures that a business would take to ensure smooth functioning of his warehouse. (10 mks)
b) Explain five causes of unemployment in Kenya. (10 mks)
5. a) Explain five factors that could hasten economic development in a country. (10 mks)
b) Outline five benefits that could be enjoyed by a person who decides to take an endowment policy. (10 mks)
6. a) Highlight four causes of demand pull inflation. (10 mks)
b) Maua traders had the following transactions in the months of July 2013:
July 5th: received a cheque from Ouma ksh 5,500 after allowing him a cash discount of Kshs 500
July 7th: Muema, a debtor paid his account of Kshs 6,000 discount of 5%
July 10th: cash sales of kshs 12,500
July 14th: Received a cheque from Njoroge Kshs 4,750
July 26th: Received a commission in cash of ksh 1,500 from J. Mwango
- Prepare a cash receipt journal from the information given. (10 mks)