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DATE, 23/08/2018



565/2

**BUSINESS STUDIES**

Paper 2

August 2018

2 Hours

**YESMARK EDUCATION CENTRE-THIKA**

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

**MOCK EXAMINATION 2018**

565/2

**BUSINESS STUDIES**

Paper 2

August 2018

2 Hours

**Instruction to candidates**

Answer any five questions

Year 2014	Price Per Kg	Quantity Supplied (Kgs)
January	100	100,000
February	100	90,000
March	100	80,000

*This paper consists of 3 printed pages*

*Candidates should check the question paper to ensure that all the printed pages are printed as indicated and no questions are missing.*

1. (a) Outline FIVE benefits that may accrue to a business organization which uses e-mail to communicate. (10 marks)  
 (b) Discuss FIVE factors that determine the size of the firm. (10 marks)
2. a) Explain five characteristics of a monopolistic market structure. (10 marks)  
 b) Discuss the factors that influence the choice of distribution channel. (10marks)
3. (a) Explain FIVE emerging issues and trends in office management in Kenya today. (10 marks)  
 (b) Explain FIVE roles of non bank institutions in the Kenyan economy. (10 marks)
4. (a) Explain FIVE benefits of globalization to a business. (10 marks)  
 (b) The following transactions relate to Kabutiei Traders for the month of May 2013:  
 May 2: Sold goods on credit to Chaka shs.12,000 and Jane shs.16,000  
 May 8: Bought goods on credit from Sharma Traders shs.40,000  
 May 12: Chaka returned goods worth shs.2,000  
 May 15: Purchased goods on credit from Koki sh.34,000 and Peter shs.31,050  
 May 20: Goods worth sh.6,000 were returned to Sharma traders and goods worth sh.3,000 to Koki  
 May 23: Goods sold on credit to Chaka sh.8,000, Turu sh. 11,000 and Joseph shs.13,000  
 May 27: Goods returned by Boi shs.2,000  
 May 30: Purchased a motor car on credit worth sh.500,000 from KVM  
 Prepare the relevant journals. (10 marks)
5. (a) Explain FIVE principles of public expenditure. (10 marks)  
 (b) The following table represents the supply of Maize for the first quarter of 2014

Year 2014	Price Per Kg	Quantity Supplied (Kgs)
January	100	100,000
February	100	90,000
March	100	80,000

- Explain five reasons to account for the change in quantity of maize supplied of in the market. (10 marks)
6. (a) Outline FIVE differences between shares and debentures. (10 marks)  
 (b) The following information relates to Tamu Tamu Traders as at 31/12/2012.

Machinery kshs.300,000.  
Stock kshs.80,000.  
Bank kshs.40,000.  
Furniture kshs.100,000.  
Current liabilities kshs.60,000.  
Expenses kshs.50,000.  
Gross profit for the year kshs.150,000.  
Sales kshs.400,000.

Calculate:

- i) Rate of return on capital employed. (2marks)
- ii) Current ratio (2marks)
- iii) Margin ratio (2marks)
- iv) Working capital (2marks)
- v) Mark up (2marks)
- vi) Quick ratio (2marks)

