

NAME _____

INDEX NO. _____

DATE _____

CANDIDATE'S SIGNATURE _____

365/1

BUSINESS STUDIES

PAPER 1

JAN/FEB 2013

2 HOURS

BUNYORE –MARANDA ENROLMENT EXAMS 2013\THE KENYA CERTIFICATE OF SECONDARY EDUCATION

BUSINESS STUDIES

PAPER 2

2:30HRS

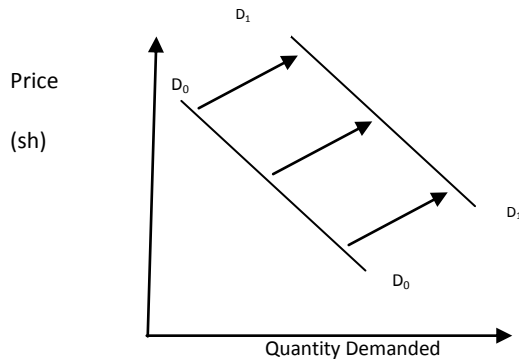
INSTRUCTIONS TO CANDIDATES

- This papers consists of 8 printed pages
- Answer all questions in the spaces provided

For examiner's use only

QUESTION	1	2	3	4	5	6
MARKS						

1. (a). Explain five differences between a public company and parastatal (10mks)
- (b) Describe five circumstances that lead to creation of a monopoly product market
2. (a) Mwangi runs a wholesale business, explain five reasons why he may prefer to receive payments by cheques. (10mks)
- (b) The diagram below shows a shift in demand curve of tomatoes. Give five reasons that account for the shift in demand curve from position D_0D_0 to D_1D_1



3. (a) With references to bank accounts, discuss the five emerging trends in banking sector in Kenya (10mks)
- (b) Kima wholesalers plan to introduce division of labour in their operations. Explain five benefits that will accrue to Kima wholesalers (10mks)
4. (a) To attain vision 2030, Kenya needs to have more insurance companies set up to support business activities. Discuss five reasons to support this statement. (10mks)
- (b) Explain the principles of a good taxation system in a county. (10mks)
5. (a) State and explain five public utilities provided by county government. (10mks)
- (b) On 1st August 2012, Kisumu Trader has sh. 20,000 cash in hand and bank overdraft of sh. 30,000. During the month, these transactions took place.
 - Aug. 2: had an additional investment of sh. 50,000 cash into the business banked immediately.
 - 3: cash sales sh. 50,000
 - 6: bought stationery in cash sh. 2000
 - 10: paid Wanjiru a creditor sh. 65,800 by cheque after deducting 6% cash discount.
 - 13: paid salary in cash sh. 10,000
 - 18: Pride Shop a debtor settled her debt of sh. 80,000 by cheque less 10% cash discount.
 - 23: Withdrew sh. 20,000 from bank for official use.
 - 25: Made cash purchases of sh 10, 000.
 - 28: Withdrew sh. 10,000 from bank to pay his son's school fees.
 - 30: Deposited cash sh. 20,000 into his bank account.

Required:

Prepare a three column cashbook for Kisumu Traders and balance it off. (20mks)

6. (a) Explain five negative effects of inflation to an economy (10mks)

(b) Browns books of accounts showed the following balances on 3rd November 2012.

	Sh
Cash at bank	100,000
Debtors	40,000
Creditors	80,000
Furniture	60,000
Stock	25,000
Discount received	1,500

Determine the amount of capital and then study the following transactions and open the relevant ledgers (10mks)

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