

Name.....
School.....
Candidate's Signature.....

Index No...../.....
Date

565/2
BUSINESS STUDIES
Paper 2
JULY/AUGUST 2012
Time: 2 Hours

BURETI DISTRICT JOINT EVALUATION TEST – 2012
Kenya Certificate of Secondary Education (K.C.S.E)

565/2
BUSINESS STUDIES
Paper 2
JUNE/AUGUST - 2012
Time: 2 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.
5. This paper consists of 4 printed pages
6. Candidates should check the question paper to ascertain that all the pages are printed as indicated and no questions are missing

1. (a) Explain **five** reasons why it is important for a business person to prepare a business plan. (10marks)
- (b) Explain **five** features that differentiate a perfect competition market from a monopoly market structure. (10marks)
2. (a) Explain **five** features that would make a producer to build his own warehouse rather than rely on a public one. (10marks)
- (b) As at 1st July 2008 the cash book of Emori enterprise showed the following balances: Cash sh. 20,000 and a bank overdraft sh. 8,600.

During the Month the following transactions took place.

- 3/07/08: Nafula settled her account of sh. 16,000 by cheque of sh. 15,000
- 6/07/08: Paid rent by cash sh. 8,000
- 10/07/08: Deposited sh. 6,000 into the business bank account from the cash till
- 15/07/08: Settled Wakulis account of sh. 20,000 and he allowed a discount of 1% by cheque.
- 18/07/08: Deposited sh. 28,000 in the bank from private sources.
- 21/07/08: Cash sales sh. 12,000
- 24/07/08: Otieno a debtor settled his account by cheque of sh. 8,000 having been allowed a discount of 20%.
- 26/07/08: Purchased furniture of sh. 5,200 paying by cheque.
- 28/07/08: Received sh. 3,600 cash from Nduta.
- 30/07/08: Banked the cu crilable cash except sh. 1,600.

Required:

Draw up a three – column cash book. (10marks)

3. (a) Explain **five** challenges that may be experienced by a new entrepreneur who is intending to start a business in Kenya. (10marks)

(b) Ijara investment operates a whole sale business. The following transactions took place in the Month of may 2010.

May 3: Sold goods on credit to Ayimba sh. 60,000.

May 8: Purchased goods on credit from mjuaji stores sh. 120,000.

May 12: Returned goods to Mjuaji stores worth sh. 6,000.

May 16: Purchased goods on credit from Mjuaji stores sh. 160,000.

May 22: Sold on credit to Mafala retailers sh. 150,000.

May 23: Bought a new motor vehicle from Mashariki motors worth sh. 3,200,000.

May 24: Ayimba returned goods worth sh. 10,000.

May 29: Sold equipment worth sh. 840,000 on credit to chap limited.

Required:

Record the above transactions in the relevant books of original entry for Ijara Investments.

(10marks)

4. (a) Explain **five** importance of National Income statistics to an economy. (10 marks)
- (b) Explain **five** principles of an efficient tax system. (10 marks)
5. (a) Explain any **five** circumstances under which a producer will find it necessary to transport goods by train. (10 marks)
- (b) Explain **five** advantages of being a member of an Economic block such as the East African Community (E.A.C) to a country like Kenya. (10 marks)
6. (a) Explain **five** ways in which the government may positively influence business activities to a given area. (10 marks)
- (b) Despite announcement by the government that the country has achieved 6% economic growth this has not been translated to economic development. Discuss **five** indicators of undevelopment currently being experienced in Kenya. (10 marks)