

NAME ..... ADM NO. ....

SCHOOL ..... INDEX NO. ....

SIGNATURE .....

DATE .....

565/2

**BUSINESS STUDIES**

**PAPER 2**

**JULY/ AUGUST, 2014**

**TIME: 2<sup>1</sup>/<sub>2</sub> HOURS**

**MAKINDU DISTRICT INTER – SECONDARY SCHOOLS EXAMINATION**

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

**INSTRUCTIONS TO CANDIDATES**

- Answer any **FIVE** questions
- ALL questions carry equal marks
- This paper consists of 2 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing

**FOR EXAMINER'S USE ONLY**

Question No	1	2	3	4	5	6	TOTAL
Marks							

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1. a) Describe five accounting documents used in home trade (10 marks)
- b) Explain five reasons why traders need to observe ethical practices in product promotion (10 marks)
2. a) Explain five steps that Kenya can take to solve her employment problems (10 marks)
- b) The following information was extracted from the books of Wanyama traders as at 31<sup>st</sup> December 2011

	Kshs
Bank loan	567,000.00
Capital	1,680,000.00
Bank loan interest	1,400.00
Closing stock	87,000.00
Creditors	272,400.00
Debtors	140,000.00
Discount allowed	10,000.00
Electricity	30,000.00
Furniture repairs	20,000.00
Gross profit	642,000.00
Maintenance costs	40,000.00
Motor vehicles	680,000.00
Motor running expenses	20,000.00
Premises	800,000.00
Rent received	200,000.00
Sundry expenses	12,000.00
Plant & machinery	1,000,000.00
Furniture	503,000.00

Prepare

- (i) Profit and loss for the year ended 31<sup>st</sup> December 2011
  - (ii) Balance sheet as at 31<sup>st</sup> December 2011 (10 marks)
  3. a) Write the following information in the appropriate books of original entry and post the transactions to the ledger accounts (10 marks)
- 2010
- April 1 received an invoice from KK suppliers for Kshs 40,000, Onchoke traders Kshs 8,000
- April 2 received a credit note from K.K. suppliers Kshs 1,000, Onchoke traders Kshs 1,500.00
- April 3 issued invoice to Onyango traders worth Kshs 50,000, Moturi traders Kshs 30,000
- April 4 issued credit note to Moturi traders Kshs 3,000
- April 5 received an invoice from Omari enterprises Kshs 36,000, K.K suppliers Kshs 15,000
- b) Demand for bananas has been declining over time. Explain five factors that may be responsible for this trend (10 marks)
  4. a) Explain five benefits of preparing a business plan to a firm (10 marks)
  - b) Explain five roles played by commercial attaches in trade promotion (10 marks)
  5. a) Explain five roles of stock exchange market in economic development of a country (10 marks)
  - b) Explain five circumstances that contribute to the inefficiency of workers (10 marks)
  6. a) Explain five features of monopolistic competition (10 marks)
  - b) Explain five roles of the International Monetary fund (IMF) in economic development (10 Marks)