

NAME:.....

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565/2

BUSINESS STUDIES

PAPER 2

JULY/AUGUST - 2012

TIME: 2 ½ HOURS

BORABU-MASABA DISTRICTS JOINT EVALUATION TEST– 2012

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

INSTRUCTION TO CANDIDATES

- This paper consists of six questions
- Answer any five questions
- Write your answers in the answer booklet provided.
- All questions carry equal marks

FOR EXAMINER'S USE

Question No	1	2	3	4	5	6
SCORE						

TOTAL MARKS

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This paper consists of 4 printed pages. Candidates should check the question paper to ascertain that all pages are Printed as indicated and that no question is missing.

1. (a) Explain five problems that a country may experience from imposing trade restrictions. (10mks)
- (b) Explain five ways of improving efficiency of a warehouse. (10mks)
2. (a) Discuss five methods central bank of Kenya may employ to reduce excess supply of money. (10mks)
- (b) Write the following information in the appropriate books of original entry and post the transactions to the ledger accounts. (10mks)

2010

April 1: Received an invoice from KK suppliers for sh 40,000, Onchoke traders sh8000.

April 2: Received a credit note from K.K suppliers sh 1000, Onchoke traders sh 1500.

April 3: Issued invoice to Onyango traders worth sh 50,000, Moturi traders sh 30,000.

April 4: Issued credit note to Moturi traders sh. 3000.

April 5: Received an invoice from Omari enterprise sh 36,000, KK suppliers sh 15,000.

3. (a) Explain five roles of stock exchange market in economic development of the country. (10mks)
- (b) Discuss five problems of calculating National income using expenditure approach. (10mks)
4. (a) Discuss five factors which influence entrepreneurship practices in Kenya. (10mks)
- (b) Explain five problems encountered in development planning. (10mks)
5. (a) Explain five circumstances under which a firm would be located near the source of raw materials. (10mks)
- (b) Explain five principles of Government expenditure. (10mks)
6. (a) Outline five distinguishing features between a perfect competition market and a monopoly market. (10mks)

- (b) The following information was extracted from the books of Wanyama traders as at 31st December 2011.

	Sh
Bank loan	567,000
Capital	1,680,000
Bank loan interest	1,400
Closing stock	87,000
Creditors	272,400
Debtors	140,000
Discount allowed	10,000
Electricity	30,000
Furniture repairs	20,000
Gross profit	642,000
Maintenance costs	40,000
Motor vehicles	680,000
Motor running expenses	20,000
Premises	800,000
Rent received	200,000
Sundry expenses	12,000
Plant & machinery	1,000,000
Furniture	503,000

Prepare

- (i) Profit and loss for the year ended 31st December 2011.
- (ii) Balance sheet as at 31st December 2011. (10mks)

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