Name
Index No $\qquad$
School
Date $\qquad$
Candidate's Signature

565/2
BUSINESS STUDIES
Paper 2
JULY/AUGUST - 2012
Time: $2^{1 / 2}$ Hours

# MBITA-SUBA DISTRICTS JOINT EVALUATION TEST- 2012 <br> Kenya Certificate of Secondary Education (K.C.S.E) 

565/2
BUSINESS STUDIES
Paper 2
JULY/AUGUST - 2012
Time: $\mathbf{2 ~ 1}^{1 / 2}$ Hours

## INSTRUCTIONS TO CANDIDATES

1. Write your Name, Index number and School in the spaces provided above.
2. Sign and write the name of your school and date of the examination in the spaces provided above.
3. This paper consists of six questions
4. Answer any FIVE questions
5. All question carry equal marks
6. Write yours answers in the answer sheets provided
7. Candidates should check the question paper to ascertain that all the pages are printed as indicated and no questions are missing.
8. a) Discuss FIVE factors which influence geographical mobility of labour.
b) Explain FIVE characteristics of good money.
9. a) Describe FIVE factors that encourage entrepreneurship in Kenya.
b) Highlight FIVE adverse effects of localization of firms in an economy.
10. a) Discuss FIVE factors that a government should consider when deciding on a good tax system.
b) Explain FIVE factors which may hinder economic development.
11. a) Discuss FIVE advantages of trade restrictions to a country.
b) Describe FIVE merits of public corporations.
12. a) Explain FIVE challenges that may be experienced by a country whose population is made up of a large proportion of young people.
b) On $1^{\text {st }}$ December 2009, Kamau had sh. 55,000 in hand and sh. 250,000 at bank. During the month, the following transactions took place.

December 2 cash sales banked sh. 35,260
3 Bought stationery in cash sh. 4,500
8 Paid Odongo a creditor sh. 94,000 by cheque in full settlement of his account after deduction $6 \%$ cash discount

12 received a cheque for sh 58,800 from Wafula after allowing him a cash discount of sh. 1,200

15 paid salaries sh. 34,000 in cash
25 Withdrew sh. 50,000 from bank for office use.
28 Anyango, a debtor paid her account of sh. 75,000 by cheque less $10 \%$ cash discount

30 Deposited all the cash into the bank except sh. 13,700

Prepare a three column cash book and balance if off.
6. a) Explain FIVE uses of National Income statistics.
b) The following trial balance was extracted from the books of Mawego Traders $31^{\text {st }}$ December 2010.

## MAWEGO TRADERS

TRIAL Balance as at 31 ${ }^{\text {st }}$ December, 2010

| Dr <br> (shs)$\mathbf{C r}$ <br> (shs) |
| :--- | :--- |


| Gross profit |  | 380,000 |
| :--- | :--- | :--- |
| Closing stock | 274,000 |  |
| Capita | 83,000 | 259,000 |
| Drawings | 103,000 | 93,000 |
| Creditors | 123,000 |  |
| Premises | 33,000 |  |
| Debtors |  | 50,000 |
| Cash at bank | 54,000 |  |
| Bank loan (2 years) | 132,000 | 20,000 |
| General expenses | $\underline{\underline{802,000}}$ |  |
| Commission received | $\underline{\underline{802,000}}$ |  |
| Wages and salaries |  |  |
|  |  |  |

## Prepare:

i) Profit and loss account for the year ended $31^{\text {st }}$ December 2010.
(4mks)
ii) Balance sheet as at $31^{\text {st }}$ December 2010.

