| Name | Index No// |
|-----------------------|------------|
| School | Date |
| Candidate's Signature | |

565/2 BUSINESS STUDIES Paper 2 JULY/AUGUST - 2012 Time: 2 ¹/₂ Hours

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

565/2 BUSINESS STUDIES Paper 2 JULY/AUGUST - 2012 Time: 2 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
- 3. Write yours answers in the answer sheets provided
- 4. Candidates **should check** the question paper to **ascertain that** all the pages are printed as indicated and no questions are missing.

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

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| 1. | a) b) | Discuss FIVE factors which influence geographical mobility of labour. Explain FIVE characteristics of good money | (10mks) (10mks) | | | |
|-------|----------|-----------------------------------------------------------------------------------------------------------------------------------|--------------------|--|--|--|
| | 0) | | (1011110) | | | |
| 2. | a) | Describe FIVE factors that encourage entrepreneurship in Kenya. | (10mks) | | | |
| | b) | Highlight FIVE adverse effects of localization of firms in an economy. | | | | |
| 3. a) | | Discuss FIVE factors that a government should consider when deciding on a g | good tax | | | |
| | | system. | (10mks) | | | |
| | b) | Explain FIVE factors which may hinder economic development. | (10mks) | | | |
| 4. | a) | Discuss FIVE advantages of trade restrictions to a country. | (10mks) | | | |
| | b) | Describe FIVE merits of public corporations. | (10mks) | | | |
| 5. a) | | Explain FIVE challenges that may be experienced by a country whose population is made | | | | |
| | | up of a large proportion of young people. | (10mks) | | | |
| | b) | On 1 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 after deduction 6% cash discount | his account | | | |
| | | 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 1 | 0% cash | | | |
| | | discount | | | | |
| | | 30 Deposited all the cash into the bank except sh. 13,700 | | | | |
| | | Prepare a three column cash book and balance if off. | (10mks) | | | |

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- 6. a) Explain **FIVE** uses of National Income statistics.
 - b) The following trial balance was extracted from the books of Mawego Traders 31st December 2010.

MAWEGO TRADERS

TRIAL Balance as at 31st December,2010

| | Dr | Cr |
|---------------------|----------------|----------------|
| | (shs) | (shs) |
| Gross profit | | 380,000 |
| Closing stock | 274,000 | |
| Capital | | 259,000 |
| Drawings | 83,000 | |
| Creditors | | 93,000 |
| Premises | 103,000 | |
| Debtors | 123,000 | |
| Cash at bank | 33,000 | |
| Bank loan (2 years) | | 50,000 |
| General expenses | 54,000 | |
| Commission received | | 20,000 |
| Wages and salaries | 132,000 | |
| | <u>802,000</u> | <u>802,000</u> |

Prepare:

i) Profit and loss account for the year ended 31st December 2010. (4mks)

ii) Balance sheet as at 31st December 2010.

(6mks)

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