**NAME ………………………………………… ADM NO. …………………………**

**SCHOOL ………………………………………… INDEX NO. …………………………**

**SIGNATURE ………………………...**

**DATE ………………………...**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**JULY/ AUGUST, 2014**

**TIME: 21/2 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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565/2

Business Studies

Paper 2

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)

1. a) Explain five steps that Kenya can take to solve her employment problems (10 marks)
2. The following information was extracted from the books of Wanyama traders as at 31st December 2011

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

Prepare

1. Profit and loss for the year ended 31st December 2011
2. Balance sheet as at 31st 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

1. Demand for bananas has been declining over time. Explain five factors that may be responsible for

this trend (10 marks)

1. a) Explain five benefits of preparing a business plan to a firm (10 marks)
2. Explain five roles played by commercial attaches in trade promotion (10 marks)
3. a) Explain five roles of stock exchange market in economic development of a country (10 marks)
4. Explain five circumstances that contribute to the inefficiency of workers (10 marks)
5. a) Explain five features of monopolistic competition (10 marks)
6. Explain five roles of the International Monetary fund (IMF) in economic development (10 Marks)