

565/2
BUSINESS STUDIES
PAPER 2
JULY/AUGUST,2009
TIME:2 ½ HOURS.

NANDI EAST DISTRICT JOINT EVALUTION TEST 2009
Kenya Certificate of Secondary Education.

1. a) Explain any five merits of pipeline transport to an economic like Kenya.
(10mks)
- b) Discuss five factors that limit the success of East African Co-operation (E.A.C) as a trading bloc.
(10mks)
2. a) Explain five circumstances under which a commodity can be sold directly to the consumer.
(10mks)
- b) Explain any five monetary policies that can be used to reduce the level of money in circulation in an Economy.
(10mks)
3. a) Explain five ways in which the Government of Kenya creates an enabling environment for business in order to boost investment.
(10mks)
- b) Explain five impacts of ageing population to an Economy. (10mks)
4. a) Explain five measures a firm can adopt to improve the productivity of its human resource.
(10mks)
- b) With an aid of a diagram explain how a firm under perfect competition can earn supernormal profits in the short run period.
(10mks)
5. a) Explain five factors that the Government considers when choosing a source of revenue.
(10mks)

- b) The following transactions took place in the business of Nandi – Hills Stores during the month of July 2007.

	1/1/07	31/12/07
Lorry	246,000	184,080
Stock	9,000	8,450
Debtors	106,080	96,000
Creditors	64,000	56,000
Electricity due	2,560	9,720
Outstanding rent	7,000	44,000

The cashbook summary is as follows:

CASHBOOK SUMMARY

1.1.07 Balance b/d	70,000	Cash purchase	25,000
Receipts from debtors	500,000	Payment to creditors	195,000
Cash sales	46,000	Rent	93,000
		Typewriter	140,000
		Electricity expense	44,000
		Telephone expense	15,000
		Balance c/d	104,400
	<u>616,800</u>		<u>616,800</u>

Additional information:

- (i) Return inwards and Return outwards amounted to sh.1000 and sh. 1600
- (ii) The typewriter was brought on 1.7.07 and has to be depreciated at the rate of 10% per annum.

Required:

- (i) Prepare trading and profit and loss account for the year ended 31/12/07(12mks)