

Name.....  
School.....  
Candidate's Signature.....

Index No...../  
Date .....

565/2  
**BUSINESS STUDIES**  
Paper 2  
JULY/AUGUST - 2012  
Time: 2 ½ 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 ½ 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*

1.
  - a) Discuss **FIVE** factors which influence geographical mobility of labour. (10mks)
  - b) Explain **FIVE** characteristics of good money. (10mks)
  
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 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<sup>st</sup> 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. (10mks)

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

**MAWEGO TRADERS**  
**TRIAL Balance as at 31<sup>st</sup> December,2010**

	<b>Dr (shs)</b>	<b>Cr (shs)</b>
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 31<sup>st</sup> December 2010. (4mks)
- ii) Balance sheet as at 31<sup>st</sup> December 2010. (6mks)

