

565/2
BUSINESS STUDIES
PAPER 2
MARCH/APRIL 2011
TIME: 2 ½ HOURS

BUTERE EAST ZONE JOINT EXAMINATION

Kenya Certificate of Secondary Education (K.C.S.E.)

Business Studies
Paper 2

INSTRUCTIONS TO CANDIDATES:

- *This paper consists of six questions*
- *Answer any **five** questions.*
- *Write your answers in the answer booklet provided*
- *All questions carry equal marks*

Question	1	2	3	4	5	6
Marks						
					TOTAL MARKS	

This paper consists of 3 printed pages. Candidates should check to ascertain that all papers are printed as indicated and that no questions are missing

1. a) Highlight **five** ways through which a government can provide an enabling environment for the success of business activities in the country. (10mks)
- b) Explain **five** ways through which commercial banks have enhanced the development of business activities in the country. (10mks)
2. a) Outline **five** characteristics of monopoly market. (10mks)
- b) Explain **five** ways of solving unemployment problem in developing countries. (10mks)
3. a) Outline **five** circumstances under which personal selling would be the most appropriate method of product promotion. (10mks)
- b) Discuss **five** advantages of pipeline as a mode of transporting oil products. (10mks)
4. a) The balance sheet given below was prepared by a new book-keeper of Kesho Shop. Redraft the balance sheet showing clearly the following amounts:
- i) Total current assets and total fixed assets.
- ii) Total current liabilities and owners capital (show all the adjustments to capital) (10mks)

**KESHO SHOP
BALANCE SHEET
AS AT 30TH JUNE 2004**

Assets	Shs.	Capital and Liabilities	Shs.
Bank overdraft	18,000.00	Debtors	58,000.00
Cash	40,000.00	Drawings	12,000.00
Unpaid wages	55,000.00	Profit	45,000.00
Unpaid rent	12,000.00	Building	155,000.00
Land	40,000.00	Furniture and fittings	30,000.00
Short term bank loan	15,000.00	Typewriter	25,000.00
Capital	140,000.00	Long-term loan	115,000.00
Motor van	<u>45,000.00</u>	Stock	<u>45,000.00</u>
	<u>440,000.00</u>		<u>440,000.00</u>

- b) Highlight **five** circumstances under which download communication may be beneficial in an Organization. (10mks)

5. a) Explain **five** principles considered when designing a tax system. (10mks)

b) Outline **five** importance of national income statistics (10mks)

6. a) The table below shows the population trend of a country X over a period of four years.

Year	Population
1990	46,900.00
1991	46,200.00
1992	45,100.00
1993	44,400.00

Assuming that the X – country had an optimum population at the end of 1990. Highlight five possible effects of the population trend on the country's economy. (10mks)

b) The following information was extracted from the books of Mageta traders on 31st Dec 2006

	Shs.
Stock (1-106)	50,000.00
General Expenses	38,000.00
Commission Income	42,500.00
Discount allowed	5,500.00
Salaries	40,000.00
Carriage outwards	5,000.00
Purchases	700,000.00
Returns outwards	4,000.00
Carriage inwards	10,000.00
Stock (31-12- 2006)	6,000.00
Sales	1,000,000.00
Returns inwards	30,000.00

Required: Prepare Mageta Trader's Trading Profit and Loss account for the period ended 31/12/06