**565/2**
**MAKUENI DISTRICT JOINT FORM 4 EXAMINATION 2013**
**Kenya Certificate of Secondary Education**
**BUSINESS STUDIES**
**PAPER 2**
**JULY / AUGUST 2013**
**2 ½ HOURS**

1. (a) Explain five internal weaknesses that may affect the performance of a business. (10 marks)
   (b) Minoko Ltd operates as a monopolist. Explain five factors that may have made the firm acquire monopoly power. (10 marks)

2. (a) Explain five limitations of National Income Statistics as a measure of welfare in a country. (10marks)
   (b) Explain five methods of controlling imports. (10 marks)

3. (a) Explain five reasons that has made bodaboda transport system very popular in Kenya. (10 marks)
   (b) Explain five ways in which micro-finance firms contribute to economic development in Kenya. (10 marks)

4. (a) Draw a distinction between a perfect competition market structure and oligopoly. (10 marks)
   (b) Kavisi Traders Ltd operates a petty cashbook using an imprest of Ksh. 7,000. On 1st April 2012, the firm had a balance of Ksh. 3,000. Record the following transactions in the firm's petty cashbook and balance it off on 30th April 2012.

April 1; Received cash from the main cashier to restore the cash float.
3: Paid bus fare Ksh. 400, cleaning Ksh. 350 and postage Ksh. 200.
8 Bought tea leaves of Ksh. 200 and paid busfare of Ksh. 200.
14: Bought stationery for Ksh. 400 and paid busfare of Ksh. 200
25: Paid cleaning kshs 300, bus fare kshs 100
30: Paid James a creditor Ksh. 200

Required:
Prepare Kavisi Traders Ltd petty cashbook and balance it off on Aprill 30th 2012. Use the following analysis columns, traveling, cleaning, postage, miscellaneous and ledger Accounts. (10 marks)

5. (a) The following balances relates to Amayo's stationery business for the trading period ended on 31st December 2012.

| | Sh. |
|---|---|
| Stock (1st January 2012) | 40,000 |
| Purchases | 140,000 |
| Sales | 250,000 |
| Sales returns | 20,000 |
| Purchases returns | 10,000 |
| Carriage inwards | 35,000 |
| Stock (31st December 2012 ) | 20,000 |

Required:

Prepare Trading Account for Amayo's business for the year ended 31st December 2012. (10 marks)

(b) State and explain 5 principles of good tax system. (10 marks)

6. (a) Explain five possible effects of eliminating the wholesalers from the chain of distribution. (10 marks)

(b) Explain five methods that Kenyan government can use to influence location of business firms in the rural areas. (10 marks)



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