**GATITU MIXED SECONDARY SCHOOL**

Name ……………………………………………………………………………………..……… Index No…………………………

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**2 ½ Hours**

## INSTRUCTIONS TO CANDIDATES

* Answer any **five** questions in the separate answer booklet provided.

1a). State and explain **five** measures the central bank can use to reduce money supply in the economy. (10mks)

b) Explain any five roles of warehousing in indirect production. (10mks)

2 a). Explain 5 advantages of advertising to the consumer. (10mks)

b) Explain five ways in which land as a factor of production influences the location of industries. (10mks)

3 a) Explain five factors influencing the choice of an appropriate advertising medium (10mks)

b) Explain **five** methods that can be used by a country to solve the problem of deficit Balance of payment. (10marks)

4a) the transactions below relate to Omo provision General store for the month of April 2012.

April 2nd : Bought goods on credit from Mary distributors for sale sh. 150,000 at 5% trade discount.

April 5th Bought an electronic typewriter on credit 25,000 from modern electronics on credit.

April 10th Purchased goods on credit for sale sh.90,000 from city distributors

April 16th Sold goods on credit to Omwenga for shs. 70,000

April 17th : Sold an old typewriter on credit shs 8,000 to Momanyi

April 18th : Sold goods for 80,000 on credit to Omonyi

April 19th : Purchased goods on credit for resale sh.5000 from Mose traders.

April 20th : Sold goods on credit to Omwenga sh. 20,000

***Required:***

Prepare the relevant books of original entry ready for posting to appropriate ledger accounts as at 20th April 2012

b) Outline **five** reasons why development planning is very necessary in a country. (10mks)

5 a) Explain **five** advantages of a country belonging to a trading bloc. (10mks)

(b) Highlight **five** indicators used to evaluate a country’s economic development. (10mks)

6 (a) Okindo Shop sell all its goods at a margin of 20%. For the year ended 30th April 2006, the Trading activities were as follows; (10mks)

Purchase she. 80,000

Sales sh. 950,000

Net profit 5% of sales

Closing stock shs.200,000

**Calculate:**

a) The Gross Profit

b) The opening Stock

c) Mark-up percentage

d) The net profit.

6 (b) Explain **five** features that distinguish departmental stores from other large scale retail shops. (10mks)