NAME………………………………………………………………………………………….

INDEX NO…………………………………….. CLASS …………………………………….DATE……………………….

GATITU DAY MIXED SEC SCHOOL

BST PP2

TRIAL 2 EXAM 2012

TIME : 2HRS

**Instruction**

**Answer only five questions**

1. a) Explain five ways in which an entrepreneur contributes to the production of goods. (10mks)

b) Explain five features that govern ment should consider when deciding on a good tax system. (10mks)

2. a) Explain five factors that contributes to the establishment of monopoly firms. (10mks)

b) Explain five instruments of monetary policy a central bank may use to reduce money supply in a country. (10mks)

3. a) Explain five problems that farmers encounter when they sell their produce through marking boards. (10mks)

b) On 1st October 2010, Kericho traders had sh. 110,000 in hand and sh. 500,000 at bank. During the month, the following transactions took place. October 2. Cash sales directly banked sh. 70, 520

“ 3 Bought stationery in cash sh. 9,000

“ 4 Bought stock worth sh. 40,000 and the payment was to done at the end of next month in cash.

“ 5 Paid Wangari, a creditor sh. 188,000 by cheque in full settlement of her account after deducting 6% cash discount.

“ 10 Received a cheque for sh. 117,600 from Winnea after allowing her a cash discount of sh. 2,400.

“12 Sold goods worth sh. 10,000 to David on credit

“ 16 Paid salaries sh. 62,000 in cash

“ 20 Withdrew sh. 100,000 from bank for office use.

“24 Awino, a debtor paid her account of sh. 150,000 by cheque less 10% cash discount.

“28 The owner took some stock worth sh. 5,000 home for family use

“ 30 Deposited all the cash into bank except sh. 27,400

Prepare a three column cash book and balance it off. (10mks)

4. a) Explain four benefits of the “ pooling of risk” to an insurance company. (8mks)

b) The table below shows the real national for country X between 2002 and 2005

Year Real national income £ (000)

2002 585,000

2003 625,000

2004 682,000

2005 749,000

Give six reasons that may account for the trend in real national income reflected in the table. (12mks)

5. a) Given the following transactions of Nakuru Traders , enter them in the relevant books of original entry. (10mks)

2010

Jan 1st Bought goods on credit from the following, Simon sh. 10,000/= , Nancy 7,500/=, Oscar 3,400/=

Jan 2nd Sold goods on credit to the following , Wilson 17,500/=, Micheal 22,000/=, Moses 5,600/=

Jan 3rd Sold goods to Micheal on credit worth 7,800/=

Jan 4th Bought goods on credit from Nancy 16,000/= simon 8,000

Jan 5th Returned goods to Oscar 400/= Nancy 1000/=

Jan 6th Received defective goods from the following Micheal 800/= Wilson 2,400/= Moses 600/=

Jan 7th Sold goods on credit to Moses , worth 5,000/=

Jan 8th Sold an old machine on credit to Jupiter Ltd worth sh. 21,000/=

Jan 10th Exchanged furniture worth 120,000/= for a car valued at ksh. 100,000/=

b) Give below is a table showing the market demand for a commodity from 2002 to 2007

Year Quality demanded (kg)

2002 100,000

2003 120,000

2004 200,000

2005 150,000

2006 120,000

2007 100,000

Outline five possible factors that may have contributed to the change in the trend in the demand from 2005. (10mks)

6. a) Explain five ways in which a large firm may achieve marketing economies of scale. (8mks)

b) Explain the advantages of pipeline as a mode of transporting oil products. (12mks)