

65/2  
BUSINESS STUDIES  
PAPER 2  
JULY 2013  
TIME: 2 ½ HOURS

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**ALLIANCE HIGH SCHOOL**  
**TRIALS EXAMINATION JULY 2013**  
**BUSINESS STUDIES**

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*

*This paper consists of 2 printed pages. Candidates should check to ascertain that all papers are printed as indicated and that no questions are missing*

1. a) Recently there has been a general rise in the price of consumer goods and services in Kenya. Explain five negative effects of this trend. (10 marks)
- b) Explain five ways in which an efficient road transport system may promote trade within a country. (10 marks)
2. a) Discuss five ways of improving the efficiency of a public warehouse. (10 marks)
- b) Allcom manufactures household goods. Explain five insurance policies that may be useful to the business. (10 marks)
3. a) Explain five benefits that consumers are likely to enjoy from product differentiation. (10 marks)
- b) Explain five reasons for the rapid growth of the cell phone banking services in Kenya. (10 marks)

4. a) The table below shows the age distribution of a country.

Age (year)	%
0-18	45
18-60	30
60 and above	25

- Explain five negative economic implications of this age distribution to the country. (10 marks)
- b) Describe five channel of distribution for imported manufactured goods. (10 marks)
5. a) Explain five challenges faced by a manufacturer who sells his/her products directly to the consumer. (10 marks)
- b) Explain five factors that are necessary for the realization of the vision 2030 development goals of Kenya. (10marks)
6. a) Explain five ways in which the functions of commercial banks differ from those of non-bank financial institutions. (10 marks)

b) The following information relate to Kingtop Traders for the year ended 31<sup>st</sup> April 2013

Sales	400,000	Margin	40%
Rate of stock turnover	6 times	General expenses	40,000
Opening stock	30,000	Equipment	580,000
Debentures	80,000	Capital	600,000
Creditors	50,000	Bank	130,000
Cash	30,000	motor cycle	60,000

Required prepare:

- (i) Trading, profit and loss account (5marks)
- (ii) Balance sheet as at 31/4/2013 (5marks)

d)

4. Distinguish between the following forms of business organization. [4mks]

Public Limited Companies	Public Corporations
a)	a)
b)	b)
c)	c)
d)	d)

5. Outline **four** features of ocean liners. [4 mks]

a)

b)

c)

d)

6. Given the following information of Kazi Tele Traders.

Purchases	240,000
Sales	400,000
Return inwards	5,000
Return outward	6,000
Opening Stock	100,000
Closing stock	120,000

Calculate:

- a) Margin [1 mk]
- b) Rate of stock turn over. [1 mks]
- c) Mark up [1 mk]
- d) Gross profit. [1 mk]

7. Outline **four** assumptions of a two sector closed economy in relation to national income. [4 mks]

a)

b)

c)

d)