

Name.....
School.....
Candidate's Signature.....

Index No...../
Date

565/2

BUSINESS STUDIES

Paper 2

JULY / AUGUST 2012

Time: 2 Hours

KWANZA DISTRICT JOINT EVALUATION TEST - 2012

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

565/2

BUSINESS STUDIES

Paper 2

JULY / AUGUST 2012

Time: 2 Hours

INSTRUCTIONS TO CANDIDATES

1. Answer any five questions
2. Write your answer in the answer sheet provided
3. All questions carry equal marks

This paper consists of 4 printed pages.

Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing

1. (a) Explain **five** ways by which business owner may ensure a conducive environment for this business (10mks)
- (b) Explain **five** ways by which the central bank may reduce the amount of money in circulation in Kenya (10mks)
2. (a) Karemi owns a bakery in Kitale town. Explain **five** ways why he carried out division of labour in the process of baking bread in his factory. (10mks)
- (b) Describe **five** measures by which the Kenyan government can take to improve on its balance of its payment position (10mks)
3. (a) Explain **four** characteristics of an underdeveloped economy. (8mks)
- (b) The following trial balance belongs to Kipevu trades as at 30th June, 2004

KIPEVU TRADERS

Trial balance as at 30th June 2004

	Dr (shs)	Cr (shs)
Stock on 30/6/03	40,000	
Capital		162,300
Purchase and sales	35,000	70,000
Drawings	6,000	
Furniture and fittings	20,000	
Motor vehicles	150,000	12,000
Debtor and creditors	8,000	4,800
Returns	2,000	800
Discount	900	
Wages and salaries	15,000	
Rent	3,500	
Insurance	2,100	
Commission	400	
Bank		3,000
cash	6,000	
	<u>252,900</u>	<u>252,900g</u>

REQUIRED

- (i) Prepare a trading profit and loss account
- (ii) Prepare a balance sheet as at 30th June 2004 (12mks)
4. (a) Jilo company wishes to have its goods distributed all over the country. Advise the company on **five** factors it may consider before choosing the distribution channels (10mks)
- (b) Kamwaru private company recently joined the Nairobi stock Exchange. Describe **five** benefits of such a decision (10mks)
5. (a) Explain **five** factors that may have contributed to the slow pace in the achievement of the East Africa community (10mks)
- (b) Wako Limited operates as a monopolist. Explain **five** factors that may have made the firm acquire monopoly power. (10mks)
6. (a) Discuss **five** circumstances under which an insurance contract may be terminated (10mks)
- (b) Explain **five** problems that consumers may encounter as they try to satisfy their wants (10mks)

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