

Name.....

Index No...../.....

School.....

Date

Candidate's Signature.....

565/2

BUSINESS STUDIES

Paper 2

July / August, 2012

Time: 2 ½ Hours

LOITOKITOK 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 ½ Hours

INSTRUCTION

- **This paper consist of six questions**
- **Answer any five questions**
- **All questions carry equal marks**

This paper consists of 4 printed pages. Candidates should check the question paper to ascertain that all pages are Printed as indicated and that no question is missing

1. (a) Discuss Five ways of improving the efficiency of a warehouse (10mks)
- (b) Outline FIVE benefits that a bank customer gets from operating a current account (10mks)
2. (a) Explain FIVE benefits that could accru... to a customer who buys goods from a departmental store (10mks)
- (b) Explain FIVE advantages of advertising to a producer (10mks)
3. (a) Under what circumstances will an exporter prefer air transport to water transport (10mks)
- (b) Prepare a duly balanced three column cash book from the following information extracted from the books Tarachea traders
 - Jan 1st : Balance b/d cash shs.4,000,bank 27,000
 - Jan 4th : Settled Olweny creditors account of shs 8000 by cheque having deducted 6% cash discount
 - Jan 8th : Received shs 6000 cash from Mutoma traders
 - Jan 16th : Deposited shs 4,500 to the bank account
 - Jan 24th : Withdrew shs.9,200 from the bank for private use.
 - Jan 29th : Received shs. 19,950 from Kahawa by cheque after allowing 5% discount
 - Jan 31st : Banked all the cash leaving shs 1,500 in the office (10mks)
4. (a) Describe FIVE features of human wants (10mks)
- (b) Discuss FIVE factors that determine the size of the firm (10mks)

5. (a) The following trials balance was extracted from the books of Kimana traders as at 30th June 2010.

| Kimana Traders | | |
|--|------------------|------------------|
| Trial Balance | | |
| As at 30 th June 2010 | | |
| | Dr | Cr |
| Premises | 1,500,000 | |
| Debtor and creditors | 20,000 | 30,000 |
| Cash at Bank | 90,000 | |
| Cash at hand | 10,000 | |
| Purchases and sales | 1,140,000 | 320,000 |
| Stock of goods on 1 st July 2009 | 45,000 | |
| Discounts | 6,000 | 2000 |
| Salaries and wages | 50,000 | |
| Commissions | | 8,000 |
| Power and lighting | 12,000 | |
| Returns | 15,000 | 19,000 |
| Carriage inwards | 5,400 | |
| Carriage outwards | 2,300 | |
| Capital | | 1,543,700 |
| Furniture | 27,000 | |
| | <u>1,922,700</u> | <u>1,922,700</u> |

Additional information

- (i) Stock of goods on 30th June 2010 was worth shs.22,000
 Required :Prepare the trading profit and loss account for the year ending 30th June 2010. (10mks)
- (b) Explain FIVE limitations of adopting new technology by a business (10mks)
6. (a) Explain FIVE assumptions of monopolistic market structure (10mks)
- (b) Discuss five methods of solving unemployment problem in Kenya (10mks)

