565/2
BUSINESS STUDIES
Paper 2
JULY/AUGUST 2013
2 ½ HOURS

THE SUBUKIA DISTRICT JOINT EXAM 2013
Kenya Certificate of Secondary Education
BUSINESS STUDIES
Paper 2
2 ½ hours

Instructions to candidates
(a) This paper consists of six questions.
(b) Answer any five questions
(c) Write your answers in the answer booklet provided
(d) All questions carry equal marks
(e) This paper consist of 3 printed pages
(f) Candidates should check the question paper to ascertain that all the pages are printed and no questions are missing.

1. (a) Discuss Five ways of improving the efficiency of a warehouse (10mks
   (b) Explain FIVE advantages of advertising to a producer (10mks

2. (a) Explain any **five** circumstances under which a producer will find it necessary to transport goods by train. (10 marks
   (b) Explain **five** advantages of being a member of an Economic block such as the East African Community (E.A.C) to a country like Kenya. (10 marks

3a) The following trial balance belongs to Kipevu trades as at 30th June, 2004

<div align="center">

KIPEVU TRADERS

Trial balance as at30th June 2004

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	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	
	252,900	252,900g

REQUIRED

     (i)   Prepare a trading profit and loss account

     (ii)   Prepare a balance sheet as at 30th June 2004

b)   Explain any five negative consequences of a rapidly increasing population.   (10mks

4a) Kamwaru private company recently joined the Nairobi stock Exchange. Describe **five** benefits of such a decision   (10mks
b) Discuss **five** circumstances under which an insurance contract may be terminated (10mks

5a). Explain **five** ways in which the Entrepreneur contributes to the production of goods.   (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)

6a.Discuss FIVE factors that determine the size of the firm   (10mks)

     b) Explain FIVE limitations of adopting new technology by a business   (10mks