

565/2
BUSINESS STUDIES
PAPER 2
JULY / AUGUST- 2012
TIME: 2 ½ HOURS

KERICHO DISTRICT JOINT KCSE TRIAL EXAMINATION-2012
Kenya Certificate of Secondary Education (K.C.S.E)

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INSTRUCTIONS TO CANDIDATES

1. This paper consists of six questions
2. Answer any five questions
3. Write your answers in the answer booklet provided
4. All questions carry equal marks

This paper consists of 2 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and that no questions are missing.

1. (a) Businesses are adopting new technology in their operations. Explain five limitations of adoption of this practice. (10mks)
 (b) Explain five reasons for trade restrictions (10mks)
2. (a) Moto Moto Limited operates as a monopolist. Explain five possible factors that may have made this firm acquire monopoly power. (10mks)
 (b) Explain five factors that may affect Economic planning process. (10mks)
3. (a) Describe five tools that the government uses to arrest a run away inflation. (10mks)
 (b) Unemployment is a problem in any economy in the world. Explain five measures that the Kenyan government may take to reduce this problem. (10mks)
4. (a) Mr. Kisuiya insured his house with an Insurance company for sh.1,000,000. After some months Mr. Kisuiya's house was completely destroyed by fire. Highlight five reasons which may make the Insurance company not to compensate Mr. Kisuiya (10mks)
 (b) Highlight any five distinguishing characteristics between a public limited Company and a public corporation. (10mks)
5. (a) The following balance sheet was extracted from the books of Kirui traders on 1st April 2011.

Mrs. Kirui Traders
 Balance Sheet
 As at 1st April 2011

	Shs.		Shs.
Equipment	200,000	Capital	415,000
Furniture	82,000	Mutai (Creditor)	27,000
Stock	140,000		
Cash	20,000		
	<u>442,000</u>		<u>442,000</u>

The following transactions took place during the month of April 2011.

- 4.04.2011 Mrs Kirui sold her personal assets for sh.30000 receiving payment by Cheque which she invested in the business.
- 10.04.2011 She purchased goods for sh.29000 on credit from Mutai
- 19.04.2011 She returned goods worth sh.3000 to Mutai after they were found defective
- 30.04.2011 She sold goods for sh.12000 cash

Required

- Open the relevant ledger accounts, record the above transactions and balance them off. (12mks)
- (b) Explain four ways that a firm would adopt to improve the efficiency of labour as a factor of production. (8mks)
6. (a) Highlight five benefits of filing to an organization. (10mks)
 (b) Explain five negative implications of production activities on the environment (10mks)