

Name.....

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

School.....

Date

Candidate's Signature.....

565 / 2

BUSINESS

Paper 2

JULY / AUGUST 2012

Time: 2 Hours

MANGA DISTRICT JOINT EVALUATION EXAM– 2012

Kenya National Examination Council (K.C.S.E)

565 / 2

BUSINESS

Paper 2

JULY / AUGUST 2012

Time: 2 Hours

INSTRUCTION TO CANDIDATES

1. This paper consists of six questions
2. Answer **ANY FIVE** questions
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** factors that limit the adoption of modern technology in business operations. (10mks)
- b) Outline **five** differences between a public limited company and a partnership form of business. (10mks)
2. a) Explain **five** circumstances under which monopolies exist in a given economy. (10mks)
- b) Outline **five** differences between a public limited company and a partnership form of business. (10mks)
3. a) Explain **five** benefits of “pooling of risks” to an insurance industry. (10mks)
- b) On 1st January 2012 Manga traders had 180,000 cash in hand and a bank credit balance of Shs.57,500. During the month the following transactions took place.

3 rd Jan:	Cash sales	Shs. 2,800	
4 th Jan:	A debtor settled his account of sh. 90,00 by cheque		
10 th Jan:	Paid Salaries shs. 40,000 in cash.		
12 th Jan:	Took cash sh. 35,000 to settle on personal debt.		
23 rd Jan:	Received a cheque shs. 8460 from Ouru distribution after deducting 6% cash discount.		
24 th Jan:	Deposits shs. 10000 in the bank from office cash.		
25 th Jan:	Purchased stock worth shs.8950 on credit from Ngumo distributors		
26 th Jan:	Cash sales banked directly shs.38000		
27 th Jan:	A cheque received on 4 th from a debtor was dishonored. The bank charged him 2500.		
29 th Jan:	Settled creditors account shs. 6000 by cheque less 3% cash discount.		
31 st Jan:	Bank all cash except shs.40,000		
Required:	Prepared a three column cash book duly balanced		(10mks)

4. a) Explain **five** effects of production activities on the environment and community health (10mks)
- b) Explain **five** services that are offered by commercial banks to their customers. (10mks)
5. a) Highlight **five** distinctions between savings and current account (10mks)
- b) Explain **five** shortcomings of internet services. (10mks)
6. a) Explain **five** disadvantages of progressive taxes. (10mks)
- b) The following balances were extracted from the books of Mutua Traders for the year ended 31 Dec 2010 having proffered a trading account.

	Dr. (sh)	Cr. (Sh)
Gross profit		38100
Cash	105060	
Motorvan	603 000	
Capital		653560
Equipment	200600	
Furniture	94400	
Creditors		74300
Debtors	75900	
Discount received		26400
Salaries	12400	
Carriage outward	14400	
Rent: income		12600
Advertising	22200	
Insurance	9400	
Bank overdraft		412600
	1,217560	1,217560

Required:

- a) Prepare a profit and loss account of Mutua Traders for the year ended 31st Dec 2001 (5mks)
- b) A balance sheet as at that date. (5mks)

