

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

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

565/2
BUSINESS STUDIES
Paper 2
JULY/AUGUST 2012
Time: 2 HOURS

**MARAKWET WEST DISTRICT JOINT EVALUATION TEST
(MAWESSE)-2012**

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

565/2
BUSINESS STUDIES
Paper 2
JULY/AUGUST 2012
Time: 2 HOURS

INSTRUCTIONS TO CANDIDATES

- All questions carry equal marks(20)
- Answer **FIVE** questions only
- All working must be clearly shown on the foolscap

FOR EXAMINER'S USE ONLY

Question	1	2	3	4	5	6
Marks						

TOTAL 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** reasons that make a firm to file its documents. (10 marks)
- b) Explain **five** determinants of labour demand factors. (10 marks)
2. a) Explain **five** benefits that accrue from public finance. (10 marks)
- b) Explain **five** differences between a journal and a ledger. (10 marks)
3. a) Highlight **five** factors that may hinder the growth of small businesses. (10 marks)
- b) Explain any **five** circumstances under which a producer would choose to distribute his goods through wholesalers. (10 marks)
4. a) Explain **six** problems encountered in using the national income statistics in comparing The standard of living in different countries. (12 marks)
- b) explain any **four** errors that do not affect the balance of the trial balance. (8 marks)
5. a) Explain **six** factors that may lead to business mergers. (12 marks)
- b) Langat traders had the following assets and liabilities balances on 31/12/2010.
You are required to draw a general journal to record and post the transactions to the relevant accounts.

Cash	Sh.800
Bank	Sh.1600
Debtors	Sh. 1200
Prepaid rent	Sh. 600
Creditors	Sh. 2000
Outstanding salaries	Sh. 14000
Capital	Sh. 2000

(8 marks)

6. a) Explain any five problems that consumers may encounter as they try to satisfy their Wants. (10 marks)
- b) Explain five factors that may contribute to unfavorable terms of trade. (10 marks)