

565/2

BUSINESS STUDIES

Paper 2

March 2013

2 ½ hours

## **CROSS COUNTRY JOINT REGISTRATION EXAM – 2013**

*Kenya Certificate of Secondary Education (K.C.S.E)*

565/2

BUSINESS STUDIES

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### **INSTRUCTIONS TO CANDIDATES:**

- Answer any FIVE questions.
- Write your answers in the answer sheet provided
- All questions carry equal marks

*This paper consists of 2 printed pages*

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

1. (a) Explain five measures put in place by the Transport Licensing Board (TLB) to curb road carnage. (10mks)  
(b) Explain five tools of the monetary policy that are used by the Central Bank to control money supply in the economy. (10mks)
2. (a) Explain **five** factors that have encouraged the adoption of containerization in the transportation of goods. (10mks)  
(b) Explain the following tax terms (10mks)
  - (i) Income tax
  - (ii) Death duty (Estate)
  - (iii) Capital transfer tax
  - (iv) Excise duty
  - (v) Value added tax (VAT)
3. (a) Explain **five** benefit of privatization of parastatals. (10 marks)  
(b) Discuss **five** benefits of entrepreneurship to an economy. (10 marks)
4. (a) Explain five benefits of taxation to the Kenyan economy (10 marks)  
(b) Explain five circumstances under which a country may belong to a common market (10 marks)
5. (a) Explain five challenges to a country experiencing a rapid increase in population [10mks]  
(b) Outline five circumstance under which personal selling would be the most appropriate of product promotion [10mks]

6. (a) The following is Mr. Mbithi's Trial Balance as at 31<sup>st</sup> December 2007.

	<b>Dr.</b>	<b>Cr.</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Capital		1,000,000
Purchases	400,000	
Fixtures and fittings	85,000	
Motor vehicles	250,000	
Sales		650,000
Discounts	500	450
Rent	15,500	550
Insurance	35,400	
Transport	28,100	
Electricity	2,500	
Debtors/Creditors	250,000	84,450
Rates	1,500	
Stock 1/1/2007	38,000	
Salaries & Wages	22,000	
Bad Debts	4,400	
Drawings	1,500	
Bank	590,000	
Cash	<u>11,050</u>	<u>                    </u>
	<b><u>1,735,450</u></b>	<b><u>1,735,450</u></b>

Stock on 31/12/2007 Kshs. 22,000

**Required:**

(a) Prepare:

(12mks)

- (i) Trading, profit and loss account for the year ended 31<sup>st</sup> December 2007
  - (ii) Balance sheet as at that date.
- (b) Using a diagram explain the effects of an increase in supply on equilibrium price, equilibrium quantity and equilibrium point. (8mks)