

THE ROYAL EXAM SERIES

Kenya Certificate of Secondary Education

565/2 — BUSINESS STUDIES — Paper 2



FORM 4



TERM 2

DECEMBER 2021- 2 1/2 HOURS

Name..... Index Number:.....

School.....

Candidate's Signature..... Date.....

INSTRUCTIONS TO CANDIDATES

1. Write your name, school and index number in the spaces provided above.
2. Write the date of examination and sign in the spaces provided above.
3. This paper consists of **6** questions.
4. Answer **any five** questions.
5. Write your answers in the spaces provided in pages
6. All questions carry equal marks.
7. This paper consists of **3** printed pages.
8. Candidates should check to ensure that all pages are printed as indicated and no questions are missing.

FOR EXAMINER'S USE ONLY

Question	Maximum score	Candidate's score
1	20	
2	20	
3	20	
4	20	
5	20	
6	20	
	Total score	

1. a) Highlight **four** disadvantages of advertising to consumers. (8 marks)
- b) Explain **six** problems that may be experienced at the implementation stage of a development plan. (12 marks)
2. a) The following balances were obtained from the books of Nzioka Traders on 1st January, 2012.

	Shs
Stock	5,000
Debtors	2,000
Cash in hand	4,000
Premises	80,000
Capital	66,000
Machinery	18,000
Overdraft	6,000
Creditors	12,000
Five year loan	25,000

The following transactions took place in the first week of January 2012.

- i) Jan 2nd: Received from debtors sh. 1000 by cheque.
- ii) Jan 3rd: Sold goods worth Shs 2000 for Shs 4000 and
Deposited the money in the business bank account.
- iii) Jan 4th: Paid Sh 1000 in cash part of the five year loan.
- iv) Jan 5th: Deposited Sh 2500 in bank account from cash till.

Required:

- a) Prepare Nzioka Traders balance sheet as at 5th January, 2012 after the transactions took place. (10 marks)
- b) Explain **five** measures that can be taken to curb the problem of unemployment in Kenya. (10 marks)
3. a) Explain any **five** measures a country may adopt to increase its volume of exports.(10 marks)
- b) Kenya has experienced a lot of loses through road carnage. Explain **five** measures the government has taken to reduce further loss of lives. (10 marks)

- a) The following information relates to Kalondu Traders for the year 2010.

	Shs
Turnover	270,000
Margin	40%
Rate of stock turnover	6 times
Expenses	40,000

From the above information, determine:

- i) Gross profit (3 marks)
 - ii) Cost of goods sold (2 marks)
 - iii) Net profit (2 marks)
 - iv) Average stock (3 marks)
- b) Explain **five** monetary tools that the central bank may adopt to curb inflation in Kenya. (10 marks)
5. a) Explain any **five** benefits that a public limited company enjoys. (10 marks)
- b) With the aid of a diagram, explain the effect of a decrease in the supply of a commodity while its demand remains constant. (10 marks)
6. a) Explain **five** sources of monopoly power to a firm. (10 marks)
- b) Explain **five** methods and legislations which the Kenyan government has put in place to protect consumers. (10 marks)