

565/2

KATHONZWENI DISTRICT FORM IV EVALUATION TEST 2013

Kenya Certificate of Secondary Education

BUSINESS STUDIES

PAPER 2

JULY / AUGUST 2013

2 HOURS

1. (a) Production which is very important on satisfaction of human wants has had a lot of negative consequences on the environment. Highlight any five consequences on it. (10 marks)
- (b) Mr. Matu, who recently have come up with a new model of a car is undecided whether to promote through posters or showroom. Wisely advise him why he should go for showroom and not posters. (10 marks)
2. (a) Delocalisation is one of the Kenyan government policies today, outline any five measures undertaken by the government to achieve it. (10 marks)
- (b) Explain five measures that the central bank can put in place to regulate money supply in economy. (10 marks)
3. (a) Outline any five reasons which make an insured person not to be compensated for losses suffered even when insured (10 marks)
- (b) State and explain five measures which a country may take to correct unfavourable balance of payment. (10 marks)
4. (a) Outline five differences between private limited company and public corporation. (10 marks)
- (b) The government which collects taxes from the citizens has an obligation of spending the tax to provide goods and services to people. Outline any five principles of government expenditure. (10 marks)
5. (a) Explain the significance of each of the following documents as used in international trade.
 - (a) Pro-forma invoice.
 - (b) Bill of lading.
 - (c) Certificate of origin.
 - (d) Letter of credit.
 - (e) Consular invoice. (10 marks)
- (b) Outline five reasons why a business person may prefer written communication to verbal communication. (10 marks)
6. (a) The following information was extracted from the books of Sarai traders for the year ended 30th April 2012.

- Sales	480,000
- Opening stock (1 st /04/2011)	80,000
- Gross profit calculated at 25%	
- Closing stock	120,000
- (i) Prepare a trading A/C for the period ended 30th April 2012
- (ii) Calculate the rate of stock turnover. (10marks)
- (b) Outline five measures that the government of Kenya has put in place to protect consumers against exploitation by traders. (10 marks)

ANSWERS:

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