**NAME\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Index Number.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Candidates Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**LONDIANI SUB-COUNTY JOINT EXAMINATIONS**

**Kenya Certificate of Secondary Education**

**BUSINESS STUDIES AUGUST 2022**

**565/2**

**Paper 2**

**2 ½ hours**

**Instruction to Candidates**

1. Write your name and Index Number in the spaces provided above
2. Sign and write your name and index number in the spaces provided above
3. This paper consists of **SIX** questions
4. Answer any **FIVE** questions
5. The question paper has **THREE** printed pages
6. All questions carry equal marks
7. Candidates should check the questions paper to ascertain that all the questions are there i.e. no missing questions
8. Candidate should answer the questions in English

**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) Explain **five** ways in which insecurity negatively affects running of business activities

(10mks)

(b) Explain **five** circumstances under which a firm may find it necessary to locate near the source of its materials. (10mks)

2. (a) Explain **five** circumstances that make it necessary for insurance companies to re-insure.

(10 marks)

(b) Explain **FIVE** causes of inflation in an economy. (10 marks)

3. a) Discuss five factors to be considered when choosing a means of reproducing documents in an office. (10mks)

b). Discuss five ways of improving the efficiency of a warehouse. (10 Marks)

4. (a) Discuss **five** measures that the government may take to improve the volume of exports.

(10Mks)

(b) Explain **five** services which facilitate communications. (10mks)

5. (a) With an aid of a diagram illustrate a change in equilibrium points following a decrease in demand and state three factors that may cause such change. (10mks)

(b) Explain **FIVE** principles of public expenditure. (10mks)

6. (a) Explain five measures that the government can take so as to improve the efficiency of the road transport system in the country. (10mks)

(b) The following balances were extracted from books of Maasai Traders for the year ended 31/12/2021

Rent 48,000

Lighting 7,200

Water 9,220

Salaries 75,000

Commission received 12,370

Discount allowed 4,600

Discount received 8,500

Gross profit 320,000

General expenses 98,000

Stock 25,250

Motor Vehicle 2,300,000

Furniture & equipment 650,000

Debtors 270,000

Creditors 396,400

Bank 200,000

Cash 50,000

Capital 3,000,000

**Prepare**

(i) Profit and loss a/c for the year ended 31/12/2021 (5 marks)

(ii) Balance sheet as at 31/12/2021 (4 marks)

***THIS IS THE LAST PRINTED PAGE***