

3.28.2 Business Studies Paper 2 (565/2)

- 1 (a) Explain **five** benefits that may accrue to a country with a large proportion of skilled labour force. (10 marks)
- (b) Outline **five** characteristics of an efficient tax system. (10 marks)
- 2 (a) Explain **five** benefits that Kenya may get as a member of C.O.M.E.S.A. (10 marks)
- (b) Explain **five** factors that may hinder economic development in Kenya. (10 marks)
- 3 (a) Explain **five** benefits that may be realized by a country as a result of government policy to relocate industries to rural areas. (10 marks)
- (b) The following balances were extracted from the books of Soilo Traders on 31st December 2010.

	Shs
Machinery	360,000
Furniture	430,500
Sales	500,000
Opening stock	75,000
Closing stock	?
Purchases	395,000
Rent income	72,000
General Expenses	60,000
Debtors	62,250
Creditors	101,550
Bank	202,000
Cash	88,800
Capital	1,000,000

Additional information:

Gross profit margin is stated at 40%.

Prepare:

- (i) Trading, Profit and Loss Account for the year ended 31st December 2010. (5½ marks)
- (ii) Balance sheet as at 31st December 2010. (4½ marks)

- 4 (a) Explain **five** advantages of advertising to the consumer. (10 marks)
- (b) On 1st January 2011, Jumo Traders had shs 22,500 in cash and shs 250,000 at bank. During the month, the following transactions took place:

2nd Jan.	–	Made cash sales of shs 465,200
5th Jan	–	Received a cheque for shs 451,250 from Kamau Traders in full settlement of their debt after allowing a 5% cash discount.
15th Jan	–	Paid Ndaru Traders Shs 184,000 in cash after deducting a cash discount of shs 16,000
20th Jan	–	Deposited shs 200,000 from the cash till into the bank
25th Jan	–	Paid wages shs 144,000 in cash
28th Jan	–	Settled Mbago Trader's account of Shs 300,000 by cheque, less 15% cash discount
29th Jan	–	Withdrew shs 250,000 from the bank for office use
30th Jan	–	Deposited all the cash into the bank, except shs 59,700.

Prepare a duly balanced three column cash book. (10 marks)

- 5 (a) Outline **six** circumstances under which a trader may use air transport. (12 marks)
- (b) Explain **four** ways through which a public limited company may be dissolved. (8 marks)
- 6 (a) With the aid of a diagram, explain the effect of an increase in the supply of a commodity while its demand remains constant. (10 marks)
- (b) Explain **five** features of oligopoly. (10 marks)