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565/2

BUSINESS STUDIES

Paper 2 Time 2.5 hours

NYANDARUA WEST CLUSTER EXAMINATIONS

Instructions to candidates

a) Answer any FIVE questions.

b) All questions carry equal marks.

1 [a] Explain five reasons why its hard to fully satisfy human wants. [10mks]

[b] Explain five ways of improving efficiency of a public warehouse. [10mks]

2 [a] The following were assets and liabilities of Alex traders on 1st June 2012. [12mks]

Cash at bank 50,000

Motor vehicle 200,000

Creditors 14,000

Stock 30,000

Cash in hand 10,000

Debtors 20,000

Bank loan 160,000

Determine Alex traders capital as at 1st June 2012.

The following transactions took place during the first week June 2012.

June 1 Paid loan ksh 40,000 by cheque.

June 2 Received ksh 4,00 in cash from a debtor.

June 3 Bought stock worth ksh 15,000 on credit.

June 4 Sold goods on credit worth ksh 65,000.

June 5 Bought furniture worth ksh 5,000 in cash.

June 6 Deposited ksh 3,500 from cash till in the business bank account.

June 7 Received ksh 21,000 from a debtor out of which ksh 20,000 was paid by cheque and ksh 1,000 in cash.

Required to

- I. Open ledger accounts for Alex traders as at 1st June 2012.
- II. Post the above transactions in relevant ledger accounts and balance them off.

[b]Outline five differences between economic growth and economic development.[8mks]

3 [a]Explain five fiscal measures a country can use to control inflation.[10mks]

[b]Kenyan government has been privatizing public corporations.Explain five reasons for such move.[10mks]

4 [a]Explain five basic features of a market in Kenya.[10mks]

[b]Apart from pipeline and containersation,briefly explain five current trends in transport sector.[10mks]

5 [a]Explain five types of unemployment experienced in your country.[10mks]

[b]The following information was extracted from the books Sunway store.[10mks]

Opening stock 60,000	Creditors 106,000
Closing stock 120,000	Returns inwards 25,00
Cost of sales 40,000	Sales 525,000
Debtors 75,000	Bank overdraft 24,000

Required to determine

- I. Purchases
- II. Mark up
- III. Profit margin
- IV. Working capital
- V. Rate of stock turn over.

6 [a]Explain five advantages Kenya's can enjoy if the country allows free trade with the rest of countries of the world .[10mks]

[b]Explain five unethical issues in product promotion.[10mks]

