

NAME.....

ADMISSION NUMBER:

CLASS:

565/2

BUSINESS STUDIES

PAPER 2

PAPER 2

2^{1/2} HOURS

INSTRUCTIONS TO CANDIDATES

- I. This paper consists of six questions.
- II. Answer any five questions.
- III. Write your answers in the answer booklet provided
- IV. All questions carry equal marks.

- 1 (a) Describe any **five** characteristics of human wants. (10mks)
- (b) Explain **five** ways in which commercial banks help in facilitating business activities in a community.(10mks)
- 2 a) Quails traders intends to construct a warehouse .Explain **five** measures that Quails Traders should take to ensure smooth functioning of the warehouse. (10mks)
- b) Sambaza, an island country in Indian Ocean, has been experiencing low national income Discuss **five** reasons that may have contributed to this problem .(10mks)
- 3 (a) Explain **five** factors that have contributed to the popularity of containers in transport. (10mk)
- B) Kamwe Company limited prefers to sell its products direct to consumers. Highlight **five** circumstances under which this manufacturer may sell direct to consumer. (10mks)
- 4 (a) Ndathi has realized that his brother’s one year old business is growing fast. Explain **five** reasons that could be contributing to this scenario. (10mks)
- (b)Miciri a young entrepreneur has first won a lottery worth ksh.500; 000.He is torn between putting up a soap producing firm and a milk bar. Explain to Miciri **five** factors that he needs to consider before making a decision or what to produce. (10mks)
- 5 (a) Wamutira a newly employed teacher has joined Tajirika savings and credit co-operative society (SACCOs) Ltd. Explain the **five** benefits that she may get from being a member of that SACCO.(10mks)
- (b) Yegon had the following transaction in the month of June 2003.(10mks)
- June 2 Started business with sh .100, 000 cash and furniture (from home) sh.3000.
- 3 Opened a bank account with sh. 7000.
- 6 Bought goods from kamanda on credit sh.500.
- 7 Sold stock sh.800 and was paid by cheque.
- 8 Yegon took away sh.100 cash from the business for his daughters fare back to school.
- Required:
- I. Record the following transactions in the relevant ledger accounts and balance them off. (10mk)

6

(a) Explain **five** ways in which the government can provide an enabling environment can provide an enabling environment for business enterprise. (10mks)

(b) The following is the trial balance Mwingi West shop as at 31st March 2013.(10mks)

	DR SHs	CR SHs
Stock 1 April 2012	181,600	
Sales and Purchases	691,850	923,400
Carriage inwards	4,200	
Carriage outwards	15,700	
Return outwards		6,400
Wages and salaries	102,400	
Rates and Rent	30,150	
Communication expense	6,240	
Commission Payable	2,160	
Insurance	4,050	
Sundry expenses	3,180	
Buildings	200,000	
Debtors and creditors	143,200	32,640
Outstanding Expenses		48,960
Fixtures	28,500	
Cash at bank	29,700	
Cash at hand	1,150	
2 years loan		80,000
Loan from k Ball		20,000
Drawings	79,200	
Capital		408,880
	1,520,280	1,520,280

Prepare:

- I. A trading profit and loss a/c for the year ended 31st March 2013.
- II. Balance sheet as at 31st March 2013.