

NAME.....CLASS.....ADMNO.....

ALLINCE HIGH SCHOOL

565/2 BUSINESS STUDIES PAPER 2 JULY 2014 2 ½ HOURS

INSTRUCTIONS TO CANDIDATES

Answer any FIVE questions in the booklet provided.

1. a) Highlight **five** factors a prospective investor should consider in deciding on what goods or services to produce / offer for the market. (10marks)
b) Explain **five** reasons why the Government controls imports. (10marks)
2. a) Outline **five** benefits that may accrue to a business organization which uses e-mail to communicate (10 marks)
b) Explain **five** insurance policies that the proprietor of Umoja Supermarket may take for his business. (10 marks)
3. a) The gap between the rich and the poor is so wide in Kenya. Highlight **five** factors that may have contribute to this disparity in income distribution. (10marks)
b) Highlight **five** differences between a cooperative society and a public limited company. (10 marks)
4. a) Explain **five** factors that would make a producer to build his own warehouse rather than rely on a public one. (10marks)
b) Explain **five** functions of non – bank financial institutions in Kenya (10marks)
5. a) Explain **five** factors that may hinder entrepreneurship development in Kenya (10marks)
b) Given below is the balance sheet of Jambo traders as at 1st June 2014.

JAMBO TRADERS
BALANCE SHEET
As at 1st June 2014

	Sh		Sh
Equipment	160,000	Capital	272, 000
Stock of Goods	90,000	Creditors	40,000
Bank	52,000		
Cash	10,000		
	<u>312,000</u>		<u>312,000</u>

During the first week of June the following transactions took place in the business:

2014

- June 2: Jambo introduced additional funds into the business by depositing sh. 38,000 in the bank
- June 3: Purchased a motor vehicle from Mashalls Ltd worth sh. 200,000 on credit
- June 5: Paid a creditor sh. 6,000 cash
- June 6: Sold goods on credit to Anita sh. 25,000
- June 7: Bought equipments worth sh. 65,000 by cheque

Required:

Prepare the balance sheet of Jambo traders as at 7th June 2014 after the above transactions (10marks)

6. a) Explain **five** ways in which an efficient road transport system may promote trade within (10marks)

b) Record the following transactions in the appropriate books of original entry. No posting is required. (10marks)

2014

- June 1st sold goods on credit to; Mwangi shs. 20,000 and Korir shs. 3,000
- June 2nd purchased goods on credit from Maina shs. 10,200 and June shs. 7,800
- June 3rd bought a weighing machine shs.40,000 on credit from Tom.
- June 4th issued credit notes to the following Mwangi shs. 1,200 and Korir shs.1,000.
- June 5th received cheques from Mwangi shs. 14,500 and Patel shs. 22,500 after allowing each a 10% cash discount.
- June 6th received credit notes from Maina shs. 400 and Mutua shs. 300
- June 7th sent an invoice to Peter shs. 20,000 and Shah sh 15,000.
- June 8th received an invoice from Wakesho shs. 5,600