

ALLIANCE HIGH SCHOOL
PRE – TRIAL EXAMINATION MAY 2015
BUSINESS STUDIES PAPER 2 **2HRS 30MIN**

NAME _____ CLASS _____ ADMNO. _____

TEACHER _____

Question						Total
Score						

ANSWER ANY FIVE QUESTIONS

- 1 (a) Explain five factors to consider when deciding on the best office layout to adopt in an organization. (10 marks)
- (b) Explain five positive impacts to the economy after the construction of the proposed Lamu port (10 marks)
2. (a) Explain five reasons that would make a person to prefer a SACCO loan to a commercial bank loan. (10 marks)
- (b) Explain five causes of inflation in a country. (10 marks)
3. (a) Explain five factors that hinders railway transport in Kenya. (10 marks)
- (b) Explain five requirements of insurable risks. (10 marks)
- 4 (a) Explain five ways in which commercial banks facilitate payments on behalf of their customers. (10 marks)
- (b) The following balances were extracted from the books of Wema Traders on 1 January, 2015.

	Kshs.
Capital	600,000
Creditors	180,000
Motor van	200,000
Furniture	200,000
Stock	60,000
Debtors	80,000
Cash	240,000

The following transactions took place during the month of February.

- (i) Sold furniture worth Ksh. 60,000 for which Ksh. 40,000 cash was received and the balance was due at the end of March.
- (ii) Purchased goods worth Ksh. 100,000 for which cash of Ksh. 70,000 was paid and the balance was still outstanding at the end of the month.
- (iii) Cash Ksh. 10,000 was taken from the business by the proprietor to settle the spouse's hospital bill.
- (iv) Exchanged the motor van with four motor cycles valued at Ksh. 55,000 each.
- (v) Sold stock worth Kshs. 30,000 for Kshs. 40,000 in cash.

Required:

Draw Wema Trader's balance sheet as at 28 February, 2015 showing the totals of assets, liabilities and capital.

(10 marks)

- 5 (a) Explain five importance of maintaining day books in a business

(10 marks)

- (b) On 1 April, 2015, Excel Traders had the following balances

Cash sh. 180,000

Bank sh. 57,500 (C.R)

During the month the following transactions took place.

5 April, cash sales shs. 21,800

7 April, a debtor settled his account of shs. 94,500 by cheque after being allowed shs.4, 500 cash discount

9 April, paid salaries shs. 40,000 in cash

11 April, took cash shs. 35,000 to settle a personal debt.

13 April, received a cheque shs. 8,460 from Kanga Traders having deducted a 6% cash discount.

17 April, deposited shs. 10,000 in the bank from office cash.

21 April, purchase stock worth shs. 8,950 on credit from Leo Publishers.

24 April, cash sales banked directly shs. 38,000.

27 April, a cheque received on 7 April from debtor was dishonoured.

The bank charged him shs. 2,500

28 April, settled creditors account shs. 6,000 by cheque less 3% cash discount

30 April, banked all cash except shs. 40,000

Required:

Prepare a 3 column cash book duly balanced.

(10 marks)

6. (a) Explain five factors that may influence the growth of small scale businesses in Kenya

(10marks)

- (b) A newly industrialized country with a population of 40 million people, had its national income estimates during the year 2014 as follows:

	Value in Kshs (million)
Exports	250,000
Consumption expenditure	624,000
Investment	300,000
Government spending	416,000
Imports	210,000
Depreciation	10,000
Net indirect taxes	50,000

Required:

- (i) Calculate the GNP per capital of the country

(2marks)

- (ii) Explain four limitations of using GNP per capita in measuring the standard of living of a country

(8marks)