

NANDI NORTH AND NANDI CENTRAL JOINT EXAMINATIONS 2016**BUSINESS STUDIES****565/2****PAPER 2**

1. (a) Outline **five** ways in which an entrepreneur contributes to production of goods. (10mks)
- (b) Discuss **five** statutory measures used by the government to control inflation. (10mks)
2. (a) Explain emerging issues in transport in Kenya. (10mks)
- (b) Record the following transactions in Akili Traders' Three-Column Cashbook and balance it off on 31st January 2015. (10mks)

Jan 1 Balance b/d Cash Kshs. 200,000 Dr.
Bank – Kshs. 15,000Cr

Jan 2 Cash sales Kshs. 145,000

Jan 6 Paid for motor expenses Kshs. 2,000

Jan 7 Paid salaries in cash Kshs. 50,000

Jan 9 Bought stationeries in cash Kshs. 1,000

Jan 14 Settled Kalyet's account of Kshs. 60,000 by cheque less 3% cash discount.

Jan 18 Received a cheque of 84,600 from Koech after deducting 10% cash discount.

Jan 21 Cash sales paid direct into the bank 340,000

Jan 23 Kaigat settled his account of 2,600 by cheque after deducting 5% cash discount.

Jan 24 Received cheque from the following debtors after deducting 10% discount in each case;
Chuma Kshs. 3,000, Buko 28,000 and Matapei 9,000

Jan 25 Paid consultancy salaries in cash Shs. 2,000

Jan 29 Credit purchase of Shs. 10,000

Jan 31 Banked all except 4,200

3. (a) Explain **five** types of indirect taxes. (10mks)
- (b) Outline **five** differences between a public limited company and a public corporation. (10mks)
4. (a) The following trial balance was extracted from the ledgers of Baraka Traders for the year ended 31st December 2015.

BARAKA TRADERS
TRIAL BALANCE
AS AT 31ST DECEMBER 2015

Details	DR(KShs.)	CR (Kshs.)
Sales		855,000
Purchases	420,000	
Sales returns	12,000	
Purchases returns		20,000
Creditors		165,000
Debtors	63,000	
Motor vehicles	480,000	
Cash in hand	65,000	
Furniture	190,000	
Carriage inwards	14,000	
Stock	280,000	
Capital		626,250
Drawing	88,000	
Telephone	6,400	
Insurance	8,200	
Postage	3,850	
Rent	19,600	
Discount Received		4,000
Advertising	12,900	
Discount allowed	7,300	
	1,670,250	1,670,250

On 31st December 2015, the business had closing stock valued at Shs. 60,000.

Required:

- (i) The Trading, Profit and Loss Account for the year ended 31st December 2015. (8mks)
- (ii) A Balance Sheet as at that date. (4mks)
- (b) According to a recent info-track findings, unemployment is a major problem facing the youth in Kenya. Explain **five** measures that the Kenyan government should take to alleviate the problem. (10mks)
5. (a) Explain various methods used by the Kenyan government to improve its exports. (10mks)
- (b) Explain **five** benefits that are enjoyed by business enterprise operating in large scale. (10mks)
6. (a) Explain **five** features of perfect competition market. (10mks)
- (b) Explain **five** benefits of mobile banking to customers. (10mks)