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BUSINESS STUDIES PAPER 565/2

**KIKUYU SUB-COUNTY 2017
SEPTEMBER**

FORM 4 2017

TIME: 2 ½ HOURS

INSTRUCTIONS: ANSWER ANY 5 QUESTIONS IN THE BOOKLET PROVIDED.

1. (a) Explain **five** challenges a country may experiences due to under population. (10mks)

(b) Highlight **five** factors that facilitate entrepreneurial development in Kenya. (10 mks)
2. (a) Explain **five** factors that may influence the level of national income of a country. (10mks)

(b) The following information relates to Maji Mazuri traders as at 31/12/2012.

	Sh.
Land	10,000
Cash	2,000
Creditors	3,000
Accrued wages	1,000
Prepaid insurance	4,000
Long-term loan	6,000
Debtors	10,000
Capital	16,000

Required

- (i) Prepare balance sheet as at 31/12/2012 (4 marks)
- (ii) Calculate:
 - a) Working capital ratio (2 marks)
 - b) Debt ratio (2 marks)
 - c) Capital employed (2 marks)

3. (a) Explain **five** benefits to a country for being a member of a trading bloc. (10mks)
- (b) Explain **five** circumstances that make it necessary for insurance companies to re-insure. (10mks)
4. (a) Outline **four** differences between commercial banks and non-bank financial institutions. (10mks)
- (b) Explain **five** circumstances under which a trader may refuse to give credit to a customer. (10mks)
5. (a) The following transactions relate to Mambo Leo Traders for the month of September 2014.
- Sept. 3: Sold goods on credit to Onyango sh. 14,000 and Janet sh. 18,000.
- Sept. 9: Bought goods on credit from Shaban traders sh. 45,000.
- Sept. 14: Onyango returned goods worth sh. 2,500
- Sept. 18: Purchased goods on credit from Nambaka sh. 36,000 and Janet sh. 1,200.
- Sept. 22: Goods worth sh.7,000 were returned to Shaban traders and goods worth sh. 4,000 to Nambaka.
- Sept. 24: Sold goods on credit to Onyango sh. 9,000.
- Sept. 26: Goods returned by Nehemiah sh. 3,000.
- Sept. 30: Bought a generator worth sh. 450,000 on credit from Pendo Power Company.
- Required:
- (a) Prepare the relevant journals. (10mks)
- (b) Explain the advantages of pipeline as a mode of transporting oil products. (10mks)
6. (a) Explain **five** features of a monopolistic market structure. (10mks)
- (c) Explain **five** ways in which the efficiency of a warehouse can be enhanced. (10mks)