

Name.....Index No:.....

School..... Candidate's Signature.....

Date:

565/2

FORM 4

BUSINESS STUDIES

PAPER 2

TIME: 2¹/₂HOURS

Instructions to Candidates

1. Write your **name**, **school** and **index number** in the spaces provided above.
2. Write the date of examination and sign in the spaces provided above.
3. This paper consists of **6** questions.
4. Answer **any five** questions.
5. Write your answers in the spaces provided in the pages given.
6. All questions carry equal marks.
7. This paper consists of **6** printed pages.
8. Candidates should check to ensure that all pages are printed as indicated and no questions are missing.

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1. (a) Explain **five** factors which may influence the location of an office (10marks)

(i).....

(ii).....

(iii).....

(iv).....

(v).....

(b) Explain **five** adverse effects of localization of firms in an economy (10marks)

(i).....

(ii).....

(iii).....

(iv).....

(v).....

2. a) Discuss **four** factors that have hindered the expansion of railway transport in Kenya. (4marks)

(i).....

(ii).....

(iii).....

(iv).....

b) Joy traders started business with sh 400,000 in cash on 1/1/2014.

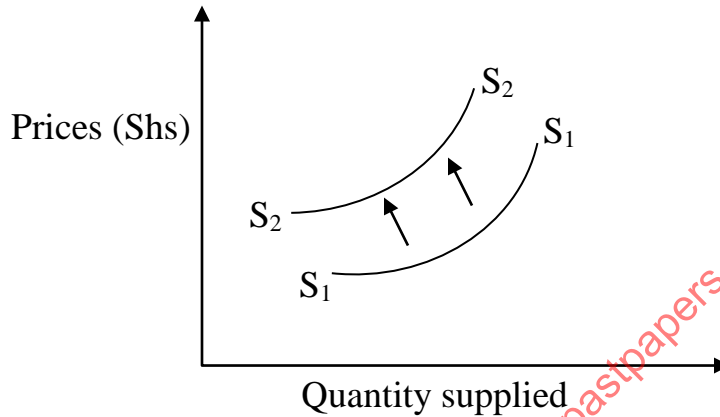
2014

- January 2: Deposited sh. 200,000 cash in the bank
- 5: She bought stock in cash sh 20,000
- 6: She took Sh. 10,000 cash to pay school fees for her son
- 7: She paid salaries, sh 40,000 by cheque
- 8: She sold goods for sh 40,000 cash
- 9: She paid salaries Sh 4000 by cheque.

Required

- i. Enter the above transactions in Joy Traders ledger accounts. (7 marks)
- ii. Balance the ledger accounts and extract a trial balance as at 9th January 2014. (5 marks)

3(a) The diagram below shows a shift of the supply curve of a commodity from S_1S_1 to S_2S_2 . Explain **five** factors that would have caused the shift. (10 marks)



- (i).....
 - (ii).....
 - (iii).....
 - (iv).....
- (b) Explain any **five** challenges that an under populated country may experience (10 marks)
- (i).....
 - (ii).....
 - (iii).....
 - (iv).....
 - (v).....

4. a) Highlight **five** advantages of a bonded warehouse to the importer. (10marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....
- (v).....

b) The following information relate to J.'J traders for the year ended 31st Dec 2016

Purchases	150,000
Sales	300,000
Opening stock	60,000
Salaries / wages	17,000
Current liabilities	2,000
Rent	15,000
Insurance	8,000
Capital	210,000
Creditors	6,000
Drawings	2,000
Current assets	10,000
Closing stock	10,000

i) Prepare a trading and profit/ loss account for the year ended 31/12/2016.

ii) Calculate;

a) Current ratio

b) Rate of stock turnover

c) Margin percentage

(10marks)

5. (a) Explain four benefits of being a member of savings and credit co-operative society.

(8marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

(b)The following trial balance was extracted from the books of Obama Traders on 31st December, 2016

OBAMA TRADERS

TRIAL BALANCE
AS AT 31ST DECEMBER 2016

Particulars	DR	KSH	CR	KSH
Sales			720,000	
Purchases	480,000			
Returns inwards	24,000			
General expenses	72,000			
Commission received			24,000	
Electricity Expenses	12,000			
Furniture	288,000			
Motor vehicle	720,000			
Capital			840,000	
Creditors			2, 16,000	
Cash	60,000			
Debtors	144,000			
	1,800,000		1,800,000	

Additional information

- (a) Stock as at 31/12/2016 was valued at Sh 72 000
- (b) Depreciation was provided as follows
 - (i) Motor vehicle 15% p.a on cost
 - (ii) Furniture 6% on cost.

Required:

- (i) Prepare Trading, profit and loss Account of Obama traders for the year ending 31st December 2016. (7marks)

(ii) Balance sheet as at 31st December, 2016.

(5marks)

6. a) Outline **five** sources of monopoly power.

(10 marks)

(i).....

(ii).....

(iii).....

(iv).....

(v).....

b) Highlight **five** differences between non-bank financial institutions and commercial banks.

(10 marks)

(i).....

(ii).....

(iii).....

(iv).....

(v).....