**MOKASA II JOINT EXAMINATION**

**565/2 BUSINESS STUDIES Paper 2**

**July, 2019 – 2½ hours**

**Name:** …………………………………………………… **Adm No.:** ……………… **Class** …………..

**Candidate’s Signature**: ………………………………... **Date**: ………………………………………

**Instructions to Students**

1. *This paper consists of* ***six*** *questions.*
2. *Answer any* ***five*** *questions.*
3. *Answers should be written in the spaces provided after question* ***six.***
4. *All questions carry equal marks.*
5. ***This paper consists of 15 printed pages.***
6. ***Students should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.***
7. ***Students should answer the questions in English.***

**For Teacher’s Use Only**

|  |  |  |
| --- | --- | --- |
| **Question** | **Maximum****Score** | **Candidate’s****Score** |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
|  | **Total Score** |  |

1. a) Explain **five** ways in which the demographic environment may positively influence

 business activities. (10 marks)

b) Explain **five** advantages that accrue to a firm due to increased production. (10 marks)

1. a) Explain**five**reasons for the popularity of using social media in product promotion. (10 marks)

b) Explain **five** measures that a country may take to correct a balance of payment deficit.

 (10 marks)

1. a) Explain **five** differences between a cooperative society and a private limited company.

 (10 marks)

b) Outline **five** benefits that a country may derive by preparing a development plan. (10 marks)

1. a) The table below shows the Gross Domestic Product (GDP) of a country X in the year

 2014 to 2018.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year** | **2014** | **2015** | **2016** | **2017** | **2018** |
| **GDP (**Sh in millions**)** | 19,201 | 27,304 | 33,092 | 41,067 | 54,689 |

 Explain **five** factors that may have caused the above trend. (10 marks)

b) Explain **five** causes of demand pull inflation. (10marks)

1. a) Kenya is endowed with some economic resources yet it has failed to exploit them.

 Outline**five**reasons that account for this. (10 marks)

b) On 1st May 2018, Sosiot traders had Sh.25,000 Cash in hand and Bank overdraft of sh

 15,000. During the month the following transactions took place.

 **2018**

May 3: Kipkurui ,a debtor settled his account of sh 12000 by cheque of sh 10,000

May 5: Paid rent by cash sh. 5000

May 6: Deposited sh. 2000 into the business bank account from the cash till.

May 8: Received sh 6000 Cash from Kamau, a debtor

May 10: Wanjiku a debtor settled her account of 15,000 by cheque, having been

 allowed 20% discount.

May 15: Purchased Furniture worth sh 3,000 paying by cheque

May 18: Deposited sh 7,000 into the bank from private sources.

May 23: Received the following amounts in cash from debtors having deducted

 cash discount of 5%. Kertich sh 7600, Brian sh 4750

May 25: Banked all the available Cash except sh 1000

**Required:**

Prepare a dully balanced three column cash book. (10 marks)

1. a) By aid of a diagram, explain how price of a commodity is determined by the forces of

 demand and supply. (10 marks)

b) The following trial balance was extracted from the books of Rafiki traders as at 31st

 December 2018.

 Rafiki traders

Trial Balance

As at 31st December 2018

 **Dr. Cr.**

 (Sh.) (Sh.)

 Purchases 420,000

 Sales 855,000

 Returns 12,000 20,000

 Creditors 100,000

 Debtors 63,000

 Bank overdraft 65,000

 Motor- vehicle 480,000

 Cash in hand 65,000

 Furniture 190,000

 Carriage inwards 14,000

 Stock on 1st Dec 2018 280,000

 Capital 626,250

 Drawings 88,000

 Telephone 6,400

 Insurance 8,200

 Postage 3,850

 Rent 19,600

 Discounts 7,300 4,000

 Advertising 12,900

 **1,670,250 1,670,250**

 Additional information;

Stock as at 31st December 2018 amounted to shs.60,000.

**Required:**

 (i) Prepare Rafiki traders trading profit and loss account. (6 marks)

 (ii) A balance sheet as at 31st December 2018. (4 marks)

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