Name………………………………………………..Index number……………………

565/2

BUSINESS STUDIES Candidate’s signature………………….

Paper 2

MAY 2018 Date……………………………………

2 Hours 30Mins

**MOI HIGH SCHOOL KABARAK**

**MAY EXAMINATIONS**

BUSINESS STUDIES

Paper 2

2 hours 30mins

Write your name and index number in the spaces provided above

Sign and write the date of examination

Answer **ANY FIVE** questions in the separate booklet provided

**For examiners use only**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| QUESTION | 1 | 2 | 3 | 4 | 5 | 6 |
| MARKS |  |  |  |  |  |  |

1. a) Explain five benefits that would accrue to a businessman who uses a Liner rather than Tramps Steamers (10marks)

b) Using a diagram, describe the effects of outward shift in supply curve on equilibrium price and quantity. (10marks)

2. a)Explain four measures that may be taken by the government to

promote her export. (8marks)

b) The following Trial Balance was extracted from the books of Kisumu Auto spares as at 31stOct 2015

Kisumu Auto Spares

Trial Balance

As at 31stOct 2015

DR CR

Capital 653,560

Motor vehicle 603,000

Equipment 200,600

Furniture 94,400

Debtors 75,900

Creditors 74,300

Carriage on sales 14,400

Discount Received 26,400

Salaries 12,400

Rent Income 12,600

Sales 319,400

Purchases 300,000

Advertising 22,200

Rates 9,400

Stock 1-11-2014 61,500

Bank 412,600

Cash 105,060

TOTAL 1,498,860 1,498,860

Stock on 31October 2015 was sh. 80,200

Required

i)Prepare Trading ,Profit and Loss account for the year ended 31Oct 2015

(ii)Prepare Balance sheet as at 31October 2015 (12marks)

3. a) Explain Five circumstances under which a manufacturer would find it advisable to distribute his goods through wholesalers. (10marks)

b) Explain five functions of the central bank of Kenya in the Economy. (10marks)

4. a) Distinguish between shares and debenture as a source of finance. (10marks)

b) Outline five circumstances under which a firm will be located near the market for its products. (10marks)

5 a) Miriti a shop owner had the following transactions in the first three weeks of November 2000.

Nov. 1: Sold goods on credit to Mbele shs.6000, Kioko shs.1000 and Muthusi shs. 2500

2: Returns from Muthusi shs. 250

3: Sold goods on credit to Kitheka shs.2150

4: Sold goods for cash shs.2800

7: Sold goods on credit to Muthusi shs.1500, Waithaka

shs. 1500 and Mbele shs. 2100.

8: Returns from Mbele shs. 200

10 : Sold old furniture to Karuru on credit shs. 3750

11 : Sold goods on credit to Ndingi shs. 2500 and

Mbuvi shs. 3140.

12 : Returns from Mbuvi shs. 3140

14: Sold goods on credit to Kioko shs. 1000,

Mbele shs. 2500 and Kanini shs. 5000

15 : Returns from Kanini shs. 500, Mbele shs. 250.

17 : Sold goods on credit to Muthusi shs. 4,000

19: Sold goods on credit to Muthusi shs. 3000,

Waithaka shs. 3000 and Mbele shs. 1000

Prepare

(i)Sales journal

(ii)Sales returns journal

(10marks)

b) Explain five ways in which the Entrepreneur contributes to the production of goods. (10marks)

6. a) Describe five means of payment that a trader may use to settle business debts. (10marks)

b) Explain five indicators of under development in Kenya. (10marks)