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**

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| --- | --- | --- | --- | --- | --- | --- |
| 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)