END OF TERM 2, 2019 FORM 4 BUSINESS STUDIES PAPER 2 EXAM

NAME\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ADM.NO.\_\_\_\_\_\_CLASS\_\_\_\_

ANSWER ANY FIVE QUESTIONS

1. (a) Outline five benefits that a customer gets from operating a current account

 (10 marks)

(b) Kenya is in the process of realizing vision 2030. Explain five obstacles that are hindering its efforts towards this dream. (10 marks)

2. (a) Explain five circumstances under which a business would opt to transport

her goods using water transport. (10 marks)

 (b) Explain five factors that may lead to a decline in supply of Tea in Nyeri

County. (10 marks)

3. (a) The following balances were extracted from the books of Brayo Stores on

30th June 2018

 Sh.

 Capital 916,000

 Bank overdraft 12,000

 Net profit 74,000

 Debtors 60,000

 Creditors 50,000

 Stock 30/6/2018 62,000

 Drawings 52,000

 Fixed assets 818,000

 Cash 60,000

 Prepaid rates 20,000

Required:

1. Prepare the balance sheet for Brayo stores as at 30th June, 2018, showing the values for fixed assets, current assets, capital and liabilities (10 marks)
2. Calculate the current ratio (2 marks)

(b) Inflation is not necessarily negative. Explain four circumstances when

inflation has positive effects on the growth of the economy. (8 marks)

4. (a) Outline five features of good money. (10 marks)

(b) Explain five activities that may be carried out in the process of distributing goods. (10 marks)

5. The following trial balance was extracted from the Books of Kamakwa

Traders on December 31st 2017.

 Dr(Sh) Cr(Sh)

 Sales 370,400

 Purchases 290,000

 Returns 15,000 10,000

 Carriage Inwards 6,000

 Carriage Outwards 4,200

 Advertising 12,000

 Commission 23,000

 Cash 50,800

 Discounts 4,900 16,100

 Salaries & wages 22,500

 General Expenses 8,300

 Machinery 405,000

 Opening Stock 27,500

 Capital 390,900

 Debtors 56,200

 Creditors 73,250

 Bank Overdraft 18,750

 902,400 902,400

 Stock on 31st December was sh. 35,000

 Prepare the trading, profit and loss account for the year ending 31st

December 2017. (20 marks)

6. (a) Highlight five differences between a private warehouse and a bonded

warehouse (10 marks)

(b) Outline five internal diseconomies of scale that a firm that grows in size is

likely to encounter. (10 marks)

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