**NAME \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ADM NO \_\_\_\_\_\_\_**

**BUSINESS STUDIES**

**565/2 PAPER TWO**

**JULY/AUGUST EXAMINATION 2019**

**TIME: 2 ½ HOURS**

**FORM FOUR**

**INSTRUCTIONS**

1. Attempt any five questions**.**
3. Explain five benefits that may accrue to a country with a large proportion of skilled labour force. (10 marks)
4. Explain five disadvantages a country would face if she restricted trade with other countries. (10 marks)
6. Draw five features that differentiate a cooperative society from a partnership form of a business. (10 marks)
7. Explain five factors that have contributed to declining population growth rate in some developing countries. (10 marks)
9. Explain five factors that a business organization would consider when choosing office equipment. (10 marks)
10. On 1st July 2018, Muranga had Shs.136,500 at bank and cash in hand Shs.3,250. During the month the following transactions took place.

|  |  |
| --- | --- |
| July 2 | Cash sales Shs.42,630 paid directly to the bank. |
| July 3 | Received a cheque for Shs.14,100 from Koech in full settlement of a debt. |
| July 8 | Bought goods for Shs.26,240 and paid by cheque. |
| July 12 | Cash sales Shs.42,450. |
| July 14 | Paid Ochako by cheque Shs.23,750 in full settlement of his account less 5% cash discount. |
| July 15 | Paid wages Shs.24,000 in cash. |
| July 16 | Withdrew Shs.36,000 from the bank for office use. |
| July 18 | Bought stationery in cash Shs.750. |
| July 20 | Cheque received from Koech was dishonoured. |
| July 28 | Paid salaries by cheque Shs.48,600. |
| July 30 | All cash was banked except Shs.5,000. |

**Required:**

Prepare a three column cash book. (10 marks)

2. Explain five circumstances under which containerization may be used in transporting goods. (10 marks)
3. Graphically show, the effect of increased supply on equilibrium price and quantity. (10 marks)
5. Wizard is an importer of assorted goods from different countries. Explain five advantages he may enjoy while his goods are stored in a bonded warehouse. (10 marks)
6. Explain five principles that would lead to effective use of government resources. (10 marks)
8. Explain five benefits that may be achieved if the government relocates industries to rural areas. (10 marks)
9. The following information relates to Baraka traders.

**BARAKA TRADERS**

**TRIAL BALANCE**

**AS AT 31/12/2012**

|  |  |  |
| --- | --- | --- |
| **Details** | **Dr. (Shs.)** | **Cr. (Shs.)** |
| Capital |  | 100,000 |
| Motor vehicle | 10,000 |  |
| Machinery | 16,000 |  |
| Stock (1/1/2012) | 12,000 |  |
| Debtors | 33,500 |  |
| Cash | 18,000 |  |
| Bank | 12,800 |  |
| Creditors |  | 45,000 |
| Sales |  | 180,000 |
| Purchases | 120,000 |  |
| Carriage inwards | 2,000 |  |
| Returns | 1,200 | 1,000 |
| Carriage on sales | 4,000 |  |
| Discount | 3,000 | 4,000 |
| Salaries | 2,000 |  |
| Rent |  | 21,500 |
| Insurance | 10,000 |  |
| Electricity | 17,000 |  |
|  | 351,500 | 351,500 |

Closing stock Shs.8,000.

**Required:**

Prepare Trading and Profit and Loss A/C. (10 marks)