

565/2
FORM 4
BUSINESS STUDIES
PAPER 2
TIME: 2½ HOURS

NAME CLASS.....ADM NO:.....
DATE.....

Instructions to candidates

- a) Write your name and adm. no in the spaces provided above.
- b) Sign and write the date of the examination in the spaces provided above.
- c) This paper consists of **six** questions.
- d) Answer any **five** questions in the answer booklet provided.
- e) All questions carry equal marks.
- f) This paper consists of **3** printed pages.
- g) Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
- h) Candidates should answer the questions in English.

For examiner's use only

Questions	Maximum Score	Candidates Score
1	20	
2	20	
3	20	
4	20	
5	20	
6	20	
	TOTAL SCORE	

1. a) Explain **five** benefits that would accrue to Country as a result of delocalization. (10mks)
- b) Explain **five** features of a perfect competition market structure (10mks)



2. a) The following transactions relate to Vivylex wholesalers for the month of December 1998.

1998

- Dec.** 1 Bought goods on credit from Weka Distributors sh.46,200, Micko sh15,600 and Limo shs38,360.
3 Sold goods on credit to Lwanda Retailers shs.39,200, Motor Grocers sh.25,560 and Mawe shs.12,650.
7 Returned goods to Micko sh4,200 and Limo shs6,140.
11 Bought goods on credit from Tuktuk sh34,830.
12 Goods returned by motor Grocers sh4,550 and Lwanda Retailers sh1,280.
15 Sold goods on credit to Motor Grocers shs6,800, Marion traders shs12,800.
18 Goods returned by Marion Traders shs2,060.
22 Bought goods on credit from Fatuma shs22,100, Temo shs38,350.
28 Credit sales to Ngula shs16,060, Oyunga shs12,960 and Mawe shs15,260.

Enter the above transaction in the respective books of original entry (10mks)

- b) Discuss **five** factors that enhances efficient running of a warehouse. (10mks)

3. a) Explain **five** negative effects of inflation to a country's economic development.(10mks)

- b) Highlight **five** importance of entrepreneurship to the economy of a country. (10mks)

4. a) Explain **five** factors that can lead to unfavourable balance of payment. (10mks)

- b) Explain **five** factors to be considered when choosing a method of product promotion (10mks)

5. a) Describe **five** procedure to be followed when taking an insurance policy. (10mks)

- b) Explain **five** limitations of containerization in transport sector. (10mks)

6. a) Highlight **five** benefits that a country will enjoy as a result of indirect production(10mks)



- b) The following trial balance was extracted from the books of Mugoya Traders as at 30th June, 2014

Mugoya Traders
Trial balance
As at 30th June 2014

Details	Dr (shs)	Cr (shs)
Premises	1,500,000	
Debtors and creditors	20,000	30,000
Cash at bank	90,000	
Cash in hand	10,000	
Purchases and sales	140,000	320,000
Stock of good on 1 st July 2013	45,000	
Discounts	6,000	2,000
Salaries and wages	50,000	
Commissions		8,000
Power and lighting	12,000	
Returns	15,000	19,000
Carriage outwards	2,300	
Carriage inwards	5,400	
Capital		1,543,700
Furniture	27,000	
	1,922,700	1,922,700

Additional information

Stock of goods on 30th June, 2014 was worth sh22, 000.

Required: prepare trading, profit and loss account for the period ended 30th June, 2014. (10mks)

