**SUNSHINE SECONDARY SCHOOL**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**MARCH / APRIL 2014**

**TIME: 2 ½ HRS**

**NAME:…………………………………………………….CLASS: ……... ADM. NO: ……….**

**CANDIDATES SIGN………………………**

**DATE:……………………………………….**

**INSTRUCTIONS**

1. Answer any five questions.
2. Write your answers in the answer sheet provided.
3. All questions carry equal marks.
4. (a) Explain five limitations of using per capita income in measuring peoples standard of

living. (10 mks)

(b) Explain five problems that a country could face in development planning. (10 mks)

1. (a) Explain five features that differentiate a private limited company from a public limited

company. (10 mks)

(b) Explain five factors that are considered when carrying out evaluation of business

opportunities. (10 mks)

1. (a) Explain any five factors that may influence the supply of a product. (10 mks)

(b) Explain five advantages of containerization to a countries transport system. (10 mks)

1. (a) Explain five advantages of division of labour in the production process. (10 mks)

(b) On 1st September 2012, Malo Enterprises had Sh 55,000 in hand and Sh 250,000 at bank. During the month the following transactions took place:

|  |  |  |
| --- | --- | --- |
| September | 2 | Cash sales banked sh 35,260 |
|  | 2 | Bought stationery in cash sh 4,500 |
|  | 7 | Paid Lucy, a creditor sh 94,000 by cheque in full settlement of his account after deducting 6% cash discount. |
|  | 10 | Received a cheque for sh 58,800 from Njoki after allowing her a cash discount of sh 1,200 |
|  | 15 | Paid electricity Sh 34,000 in cash |
|  | 20 | Withdrew sh 50,000 from bank for office use |
|  | 25 | Lupita, a debtor paid her account of sh 75,000 by cheque less 10% cash discount |
|  | 28 | Deposited all the cash into bank except sh 13,700 |

Required: Prepare a three column cash book and balance it off. (10 mks)

1. (a) Explain five characteristics of a good filling system. (10 mks)

(b) Explain five benefits a country may enjoy for being a member of Comesa. (10 mks)

1. (a) Explain any five services provided by commercial banks to the business community. (10 mks)

(b) The following trial balance relates to Solai Enterprises for the year ended 31.12.2013

|  |  |
| --- | --- |
| Stock 1.1.2013 | 25,000 |
| Purchases | 250,000 |
| Sales | 520,000 |
| Salaries | 24,000 |
| Returns outwards | 40,000 |
| General expenses | 48,000 |
| Returns inwards | 70,000 |
| Carriage inwards | 20,000 |
| Carriage outwards | 30,000 |
| Insurance | 5,000 |
| Electricity | 7,500 |
| General revenues | 80,000 |

Additional information

Closing stock sh 30,000.

Required:

Prepare Solai Enterprises trading profit and loss account for the period ended 31.12.2013.