**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**END TERM EXAM – OCT 2015**

**TIME: 2 ½ HRS**

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

**INTRODUCTION TO CANDIDATES**

1. Answer any five questions
2. Write your answers in the answer sheet provided
3. All questions carry equal marks

*This paper consists of 3 printed pages. Candidate should check to ascertain that all pages are printed as indicated and that no questions are missing.*

**Answer any five questions**

1. a) Using a table explain **five** differences between cooperatives and companies. (10mks)

b) High dependency ratio on the few employed is a problem affecting most countries

 in the world. Explain **five** measures that each country can use to solve the problem.(10mks)

1. a) Explain **five** factors that can lead to a monopoly market structure. (10mks)

b) Explain **five** ways how the manufacturers enhance consumer protection. (10mks)

1. a) Explain the measures the central bank can use to regulate money supply. (10mks)

b) The government of Kenya has found it beneficial to reduce its participation

 in business activities. Explain **five** benefits of this . (10mks)

1. a) The trial balance below was extracted from books of Dosho stores on 30th April,2009

**DOSHO STORES**

 **TRIAL BALANCE AS AT 30TH APRIL, 2009**

|  |  |  |
| --- | --- | --- |
| **Details**  | **Dr (ksh)** | **Cr (ksh)** |
| Sales and Purchases | 14,000 | 214,000 |
| Returns  | 4,000 | 8,000 |
| Carriage inwards | 3,500 |  |
| Carriage outwards | 4,200 |  |
| Stock (1/5/2007) | 10,000 |  |
| Discount | 6,800 | 9,400 |
| Electricity | 4,500 |  |
| Salaries | 8,600 |  |
| Motor vehicle | 300,000 |  |
| Debtors and creditors | 14,000 | 41,000 |
| Cash in hand | 15,000 |  |
| Capital  |  | 112,200 |
|  | 384,600 | 384,600 |

 Additional information;

 Stock on 30th April, 2009 was valued at Ksh. 6500.

 **Required;** Prepare, a trading profit and loss account for the year ended

30th April, 2009. (12mks)

b) Explain **four** differences between general property insurance and life insurance. (8mks)

1. a) Explain **five** merits of direct tax. (10mks)

b) Explain **five** ways how division of labour and specialization enhances business

 performance. (10mks)

1. a) The following transactions relate to Makindu bookshop for the month of April 2008

April 1.Makindu bookshop had cash in hand of Ksh. 15,000 and cash at bank Ksh. 40,000.

 2. Abdul settled his debt of Ksh.10,000 less 20% discount.

 9. Makindu paid house rent of Ksh. 4,000 by cash.

 12.Cash sales of Ksh. 14,000

 14. Brought into the business a personal computer worth Ksh. 20,000

 17. Purchased furniture worth Ksh. 3,000 by cheque

 18. Withdrew Ksh. 2,000 from bank for business use.

 19. Settled Asenath’s debt of Ksh. 4,000 by cheque after being allowed 5% cash discount 20. Received Ksh. 6,000 cash from Njeri, a debtor.

 21. Kambu paid Ksh. 4,000 by cheque after being allowed a discount of 20%

 25. Deposited Ksh. 1,700 in the bank from Private sources.

 26. Paid Ksh. 4000 to Ali and Ksh. 3000 to Amos after receiving a cash discount of 2%

and 3% respectively.

 30. Banked all the cash except Ksh.1000.

**Required:** Prepare a three column cash book duly balanced for the month of April 2008.

b) Explain any **four** business macro- environment factors showing how factor affects

 business operations. (8mks)