

Name \_\_\_\_\_ Index No. \_\_\_\_\_

Candidates signature \_\_\_\_\_

Date \_\_\_\_\_

**565/1**  
**BUSINESS STUDIES**  
**PAPER 1**  
**JULY/AUGUST 2014**  
**2 HOURS**

**KIBWEZI DISTRICT FORM FOUR INTER-SCHOOL EXAMINATIONS**  
**Kenya Certificate of Secondary Education**  
**BUSINESS STUDIES**  
**PAPER 1**  
**2 HOURS**

**INSTRUCTIONS TO CANDIDATES**

*This paper consists of 10 printed pages*

*Turn Over*

1. Outline four benefits that a business gains from the external environment. (4mks)
- (i) \_\_\_\_\_  
\_\_\_\_\_
  - (ii) \_\_\_\_\_  
\_\_\_\_\_
  - (iii) \_\_\_\_\_  
\_\_\_\_\_
  - (iv) \_\_\_\_\_  
\_\_\_\_\_
2. Outline four ways in which the government may create an enabling environment for business. (4mks)
- (i) \_\_\_\_\_  
\_\_\_\_\_
  - (ii) \_\_\_\_\_  
\_\_\_\_\_
  - (iii) \_\_\_\_\_  
\_\_\_\_\_
  - (iv) \_\_\_\_\_  
\_\_\_\_\_
3. Highlight four features of economic resources. (4mks)
- (i) \_\_\_\_\_  
\_\_\_\_\_
  - (ii) \_\_\_\_\_  
\_\_\_\_\_
  - (iii) \_\_\_\_\_  
\_\_\_\_\_
  - (iv) \_\_\_\_\_  
\_\_\_\_\_
4. List down four factors that hinder labour mobility. (4mks)
- (i) \_\_\_\_\_  
\_\_\_\_\_
  - (ii) \_\_\_\_\_  
\_\_\_\_\_
  - (iii) \_\_\_\_\_  
\_\_\_\_\_

(iv) \_\_\_\_\_

5. Outline four disadvantages of an enclosed office. (4mks)

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

(iv) \_\_\_\_\_

6. Highlight four similarities between a promissory note and a bill of exchange. (4mks)

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

(iv) \_\_\_\_\_

7. Identify four features of mail order shops. (4mks)

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

(iv) \_\_\_\_\_

8. Outline four factors a firm may consider when selecting the product promotion medium to use for her product. (4mks)

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

(iv) \_\_\_\_\_

9. The following transactions were extracted from the records of Fanaka provision shop (4mks)  
2006  
02/04: Started business by depositing a cheque of sh 250,000 in a business bank account  
09/04: Withdrew sh 50,000 from the business bank account out of which sh 30, 000 was used to  
purchase equipment and the rest was retained for office use  
10/04: Purchased stock on credit for sh 40,000 from central stores  
Enter the transactions above in the appropriate ledger accounts for the business.

10. State the term that is best described by each of the following terms as used in insurance. (4mks)

Statement	Insurance
(i) A temporary document issued to an insured on payment of the premium while waiting for the policy document	
(ii) Any calamity whose occurrence would cause loss to the insured	
(iii) The value for which a property is insured	
(iv) The process of naming the person to benefit from the insurance claim in case of death of the assured	

11. Give four factors that may increase the level of National Income of a country. (4mks)

- (i) \_\_\_\_\_  
\_\_\_\_\_
- (ii) \_\_\_\_\_  
\_\_\_\_\_
- (iii) \_\_\_\_\_  
\_\_\_\_\_
- (iv) \_\_\_\_\_  
\_\_\_\_\_

12. State four principles which govern public expenditure in a country. (4mks)

- (i) \_\_\_\_\_  
\_\_\_\_\_
- (ii) \_\_\_\_\_  
\_\_\_\_\_
- (iii) \_\_\_\_\_  
\_\_\_\_\_
- (iv) \_\_\_\_\_  
\_\_\_\_\_

13. The following is a list of source documents. Indicate the book of original entry supported by each document. (4mks)

Document	Book of original entry
(i) Incoming invoice	
(ii) Outgoing credit note	
(iii) Outgoing invoice	
(iv) Cash receipt	

14. The following information was extracted from the books of Orange Traders on 30<sup>th</sup> June 2013

	Sh
Average stock	1500
Closing stock	2000
Purchases	16800
Carriage inwards	100
Returns outwards	900
Mark up 20%	

Required:

Calculate the sales for the year. (4mks)

15. Highlight four reasons why indirect production is superior to direct production. (4mks)

(i) \_\_\_\_\_  
 \_\_\_\_\_

(ii) \_\_\_\_\_  
 \_\_\_\_\_

(iii) \_\_\_\_\_  
 \_\_\_\_\_

(iv) \_\_\_\_\_  
 \_\_\_\_\_

16. State four features of current accounts that make them preferable to business people. (4mks)

- (i) \_\_\_\_\_
- \_\_\_\_\_
- (ii) \_\_\_\_\_
- \_\_\_\_\_
- (iii) \_\_\_\_\_
- \_\_\_\_\_
- (iv) \_\_\_\_\_
- \_\_\_\_\_

17. State four methods that a government may use to influence location of businesses. (4mks)

- (i) \_\_\_\_\_
- \_\_\_\_\_
- (ii) \_\_\_\_\_
- \_\_\_\_\_
- (iii) \_\_\_\_\_
- \_\_\_\_\_
- (iv) \_\_\_\_\_
- \_\_\_\_\_

18. State the account to be debited and the account to be credited in each of the following transactions. (4mks)

	Account debited	Account credited
(i) Bought stock of goods on credit		
(ii) The owner withdrew stock from the business for personal use		
(iii) Withdrew cash from bank for office use		
(iv) Paid salaries by cheque		

19. State four factors that may lead to deteriorating terms of trade for a country

- (i) \_\_\_\_\_
- \_\_\_\_\_
- (ii) \_\_\_\_\_
- \_\_\_\_\_
- (iii) \_\_\_\_\_
- \_\_\_\_\_
- (iv) \_\_\_\_\_
- \_\_\_\_\_

20. Kamau, who runs a retail store, had the following assets and liabilities as at 31<sup>st</sup> March 2012. Premises sh 100,000; Debtors sh 4000; Loan from AFC sh 50,000 and Capital sh 120,000\ During the month of April 2012, the following transactions took place:  
2012

April 1 - Sold goods at cost of sh 2000 in cash  
2<sup>nd</sup> - Paid creditors sh 8000 in cash  
10<sup>th</sup> - Received sh 2000 from his debtors in cash  
15<sup>th</sup> - Bought a motor van for sh 35,000 paying by cheque  
25<sup>th</sup> - Purchased goods worth sh 15,000 and paid by cheque  
Prepare a balance sheet as at 25<sup>th</sup> April 2012. (4mks)



21. The balances given below were extracted from the ledger accounts of mobile traders as at 31<sup>st</sup> May 2013

	Sh
Capital	190,000
Furniture	110,000
Purchases	285,000
Pendo distributors (supplier)	231,000
Wages	41,000
Returns inwards	5,000
Returns outwards	15,000
Rent received	5,000

Prepare the trial balance of the business as at 31<sup>st</sup> May 2013. (4mks)

22. State four benefits Kenya would derive from a well drawn development plan. (4mks)

- (i) \_\_\_\_\_  
\_\_\_\_\_
- (ii) \_\_\_\_\_  
\_\_\_\_\_
- (iii) \_\_\_\_\_  
\_\_\_\_\_
- (iv) \_\_\_\_\_  
\_\_\_\_\_

23. Highlight four factors which may favour existence of a monopoly. (4mks)

(i) \_\_\_\_\_

\_\_\_\_\_

(ii) \_\_\_\_\_

\_\_\_\_\_

(iii) \_\_\_\_\_

\_\_\_\_\_

(iv) \_\_\_\_\_

\_\_\_\_\_

24. Highlight four factors that are likely to contribute to unemployment in a country. (4mks)

(i) \_\_\_\_\_

\_\_\_\_\_

(ii) \_\_\_\_\_

\_\_\_\_\_

(iii) \_\_\_\_\_

\_\_\_\_\_

(iv) \_\_\_\_\_

\_\_\_\_\_

25. Highlight four disadvantages of written communication. (4mks)

(i) \_\_\_\_\_

\_\_\_\_\_

(ii) \_\_\_\_\_

\_\_\_\_\_

(iii) \_\_\_\_\_

\_\_\_\_\_

(iv) \_\_\_\_\_

\_\_\_\_\_

**565/1**  
**BUSINESS STUDIES**  
**PAPER 1**  
**JULY/AUGUST 2014**

**KIBWEZI DISTRICT FORM FOUR INTER-SCHOOL EXAMINATIONS**  
**Kenya Certificate of Secondary Education**  
**BUSINESS STUDIES**  
**PAPER 1**  
**MARKING SCHEME**

1. Outline four benefits that a business gains from the external environment
  - Raw materials
  - Labour (workers) from the community
  - Gets security from the surrounding e.g. police
  - Obtains land from the community
  - Natural environment like good weather favour the business
  
2.
  - Enacting legislation aimed at promoting and supporting business investments and activities
  - Offering incentives to attract investments
  - Providing credit and financial support to entrepreneurs
  - Providing security
  - Ensuring political stability
  - Providing good infrastructure
  
3. Highlight four features of economic resources
  - They are scarce in supply
  - They have money value
  - They are unevenly distributed
  - They can change ownership
  - They have alternative uses
  - They have utility
  
4. List down four factors that hinder labour mobility
  - Political instability
  - Poor remuneration
  - Unfavourable climatic conditions
  - Poor working conditions
  - Job insecurity
  - Poor infrastructure
  
5. Outline four disadvantages of an enclosed office
  - Encourages absenteeism
  - Supervision of workers become more difficult
  - There is a likely misuse of office equipment
  - Costly to construct and maintain
  - A lot of space is wasted by partitioning

*This paper consists of 5 printed pages*

*Turn Over*

6. Highlight four similarities between a promissory note and a bill of exchange

- Both act as an evidence of a debt
- They are both legally binding
- Can be discounted
- Both have a maturity date

7. Identify four features of mail order shops

- The amount of capital required is not high
- Operate on cash with order or cash on delivery
- Sell goods through the post office
- Heavy advertisement is involved
- Deal with less bulky, durable and not fragile goods
- Business can be carried out from a store house
- No need to employ sales people and assistants

- 8.
- Cost of the medium
  - Target group
  - Frequency of production
  - Life of the promotional message
  - Quality of message
  - Availability of the medium
  - Nature of the product

9.

Dr	Capital A/C		Cr
		Apr. 2 Bank A/c	250,000
Dr	Bank A/C		Cr
Apr. 2 Capital	250,000	Apr. 4 Equipment	30,000
		Cash	20,000
Dr.	Equipment A/C		Cr
Apr. 4 Bank	30,000		
Dr	Cash A/C		Cr
Apr. 4 Cash	20,000		
Dr	Purchases A/C		Cr
Apr. 10 Central stores	40,000		
Dr.	Central stores A/C		Cr
		Apr. 10 Purchases	40,000
			8 x ½ = 4mks

10. (i) Cover note (binder)  
(ii) Risk  
(iii) Sum insured  
(iv) Nomination
11. Give four factors that may increase the level of Nation income of a country  
- Use of advanced technology in production  
- Availability of adequate human resources  
- Availability of capital resources  
- Adequate natural resources  
- Political stability  
- Entrepreneurial culture of the society
12. State four principles which govern public expenditure in Kenya  
- Should be sanctioned – approved by the parliament  
- Majority of the citizens should be able to reap maximum benefit from it  
- Should be flexible – capable of changing according to the prevailing economic situations  
- Should be incurred in a way which avoids all possible losses
13. (i) Purchases journal  
(ii) Sales returns journal  
(iii) Sales journal  
(iv) Cash payment journal
14. Average stock  $= \frac{\text{opening stock} + \text{closing stock}}{2}$   
 $1500 = \frac{\text{opening stock} + 2000}{2}$   
 $= (1500 \times 2) - 2000$   
 $= 1000$   
Cost of sales =  $1000 + 16800 + 100 - 900 - 2000$   
 $= 15000$   
G.P =  $\frac{20}{100} \times 15000 = 3000$   
Sales =  $15000 + 3000 = 18000$
15. - Products are of better quality  
- Leads to surplus production  
- Makes it possible to use machines  
- Product is for the market (sale)  
- Leads to innovations and inventions
16. - They have unlimited access to funds  
- Payments can be made by cheque  
- Overdraft facilities can be arranged  
- No minimum balance is required  
- Bank statements are issued more regularly

17. State four methods that a government may use to influence location of business

- Tax reductions for investing in the selected areas
- Providing subsidies to those who invest in the selected areas
- Provision of infrastructure in the selected areas
- Offering loan guarantee to investments in the selected areas
- Provide subsidized land to investors in selected areas

18.

	Account debited	Account credited
(i)	Purchases	Creditors
(ii)	Drawings	Purchases
(iii)	Cash	Bank
(iv)	Salaries	bank

19. State four factors that may lead to deteriorating terms of trade for a country

- Increase in price of imports relative to price of exports
- Depreciation of local currency which makes imports more expensive compared to exports
- Fall in demand for exports
- Increase in demand for imports

20.

Mr. Kamau  
Balance sheet  
As at 25 April 2012

<u>F.A</u>		Capital	120,000√
Premises	100,000	<u>LTL</u>	
Motor van	35,000	AFC Loan	50,000√
	135,000		
<u>C.A</u>		<u>STL</u>	
Debtors	2,000√	creditors	8,000√
Stock	15,000√		
Bank	10,000√		
Cash	16,000√		
	43,000		
	<u>178,000</u>		<u>178,000</u>

8 x ½ = 4mks

21.

Mobile Traders  
Trial balance  
As at 31<sup>st</sup> may 2013

	DR	shs	CR	shs
Capital			190,000√	
Furniture	110,000√			
Purchases	285,000√			
Pendo distribution (supplier)			231,000√	
Wages	41,000√			
Returns inwards	5,000√			
Returns outwards			15,000√	
Rent received			5,000√	
	<u>441,000</u>		<u>441,000</u>	

8 x ½ = 4mks

22. State four benefits Kenya would derive from a well drawn development plan
- Enables the country to allocate resources in the best way possible
  - Plans act as standard in which projects can be evaluated
  - Enables the government to distribute income equitably in all the regions
  - The government may use the plan to get aid from donors
  - To avoid duplication
23. State four factors which may favour existence of a monopoly
- Control of an important factor of production
  - Ownership of production rights by one firm
  - The size of the firm may be such that it is best served by one firm
  - When group of firms combines to act as one/amalgamation
  - Where the initial cost is too high making it difficult for other firms to enter the industry
24. Highlight four factors that likely to contribute to unemployment in a country
- Rapid population growth
  - Rural urban migration
  - Inappropriate system of education
  - Use of inappropriate technology
  - Seasonality in production
25. Highlight four disadvantages to written communication
- Immediate feedback may not be possible
  - Lacks personal appeal
  - Does not give room for persuasion and convincing
  - Suitable for those who can read and write

Name \_\_\_\_\_ Index No. \_\_\_\_\_

Candidate's signature \_\_\_\_\_

Date \_\_\_\_\_

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**BUSINESS STUDIES**  
**PAPER 2**  
**JULY/AUGUST 2014**  
**2 ½ HOURS**

**KIBWEZI DISTRICT FORM FOUR INTER-SCHOOL EXAMINATIONS**  
**Kenya Certificate of Secondary Education**  
**BUSINESS STUDIES**  
**PAPER 2**  
**2 ½ HOURS**

**INSTRUCTIONS TO CANDIDATES**

Answer five questions only

*This paper consists of 3 printed pages*

*Turn Over*



1. (a) Outline five factors that may make a producer not to sell his goods through a wholesaler. (10mks)
- (b) Nairobi Stock Exchange is an important security market in Kenya. Explain five ways in which it supports business and economic growth. (10mks)
2. (a) The economy of country X has been growing at a very low rate. Discuss any five possible reasons that could have limit the growth in that country. (10mks)
- (b) (i) Draw a labeled diagram illustrating a situation of excess supply and excess demand in the market (6mks)
- (ii) Outline four negative effects of fixing the price of a commodity below equilibrium price by the government. (4mks)
3. (a) Value Added Tax (VAT) is one of the indirect taxes used by the government to raise revenue. Explain five negative effect of this tax to the economy. (10mks)
- (b) The government has set up areas in major towns where businesses operate under the export processing zones (EPZ's). Explain five benefits of EPZ to the Kenya economy (10mks)
4. (a) Explain five functions of the Central Bank (10mks)
- (b) Highlight five duties of a Kenya commercial attaché in a foreign country (10mks)
5. (a) The following trial balance was extracted from the books of Juhudi Traders on 31 Dec. 2010

Juhudi Traders  
Trial balance  
As at 31/12/2010

	Dr	Cr
Accounts		
Capital		400,000
Sales		600,000
Purchases	200,000	
Debtors	20,000	
Creditors		60,000
Returns	25,000	15,000
Discounts	6,000	8,000
Carriage inwards	6,500	
Carriage outwards	15,000	
Salaries	10,000	
Stock 1 <sup>st</sup> Jan	18,000	
Motor vehicles	400,000	
Furniture	150,000	
House rent	49,000	
Commission	50,000	10,000
Electricity	43,500	
	1,093,000	1,093,300

Stock on 31 Dec 2010 was shs. 20,000

Required:

Prepare a Trading, Profit and Loss Account for the year ended 31 Dec 2010. (10mks)

(b) Outline five circumstances under which containers may be used for transportation of good. (10mks)

6. (a) Molo traders operates a wholesale business and the following relates to the transactions during the month of May 2010

Invoices issued during May 2010

May 5- Kibwezi retailers shs 30,000

10 - Pendo retailers shs 75,000

20 - Reko retailers shs 90,000

On May 12 – bought a motor vehicle from Nissan motors worth shs. 1,600,000 on credit

Invoices received during May 2010

May 1 - Meme suppliers shs 60,000

16- Kesho suppliers shs 80,000

20- Malimali suppliers shs 50,000

Credit notes issued during May 2010

May 12 – Kibwezi retailers shs 3000

25 – Pendo retailers sh 7,500

Credit note received during May 2010

May 12 – Meme suppliers shs 2000

On May 22 – Sold equipment worth shs 420,000 on credit to Wote ltd

Required:

Record the above transactions into books of original entry (10mks)

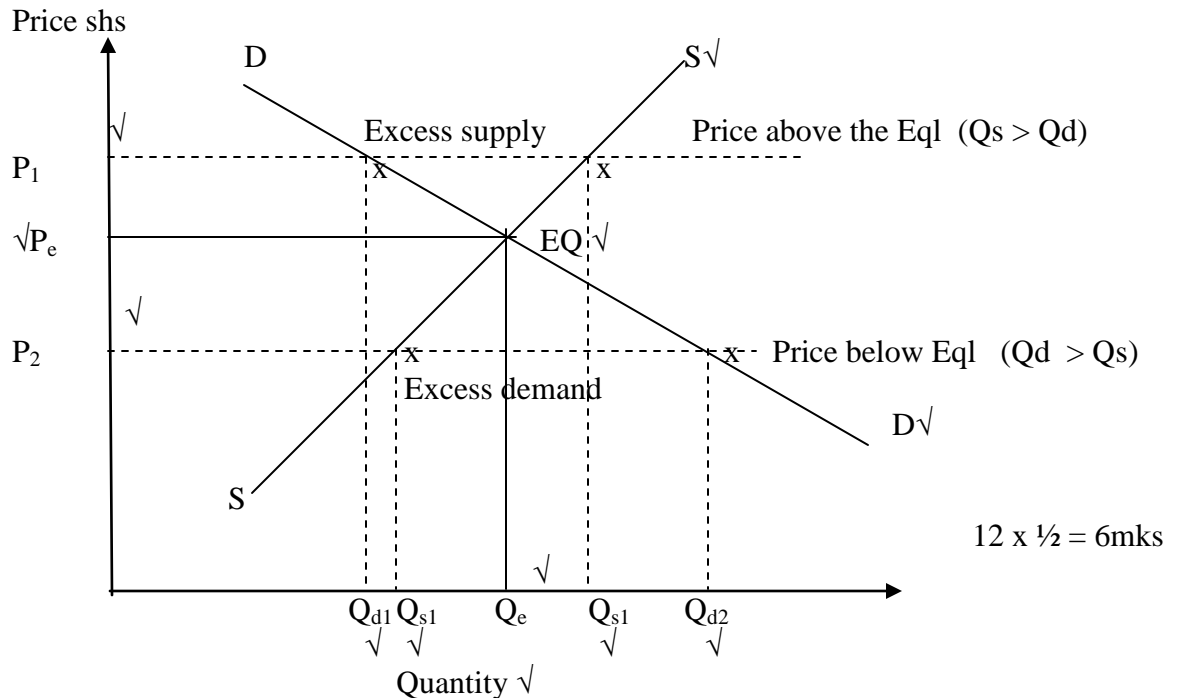
(b) Dosh company limited has located its new factory in a major town in Kenya. Explain five factors that may have attracted the factory to the town. (10mks)

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**BUSINESS STUDIES**  
**PAPER 2**  
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**PAPER 2**  
**MARKING SCHEME**

1. (a) Factors that may make a producer not to sell his goods through a wholesaler
  - When consumers and retailers buy from producers in large quantity
  - Need to keep prices of goods low
  - When market is concentrated
  - Government policy
  - When production is in small quantity
  - When producer has enough storage facilities
  - When producers has enough capital to support distribution of goods
  - When producer has enough transport facilities
  
- (b) Ways in which Nairobi Stock Exchange support business and economic growth
  - Enables investors to buy and sell shares
  - Provides useful information in the media to investors who wish to trade in shares
  - Assists companies to raise capital through sell of new shares and rights issue
  - It fixes the prices of shares/securities of companies giving a true value of them in the market
  - Through this market individual/companion are able to invest in shares thus promoting the culture of saving in the country
  - Statistics collected by NSE provides an indicator on economic growth of Kenya
  - NSE safeguards investors interests by monitoring activities of those companies which are quoted
  
2. (a) Possible factors that can limit the growth of the economy in country X
  - Inadequate source of capital thus limiting investments and production
  - Under developed entrepreneurial skills limiting expansion and establishment of production units
  - High population growth rate leading to production of consumer goods and less of capital goods
  - Products in country X could be using old technology which restricts productivity of the economic resources
  - Country X could have experienced political instability creating unfavourable environment for economic growth
  - Undeveloped infrastructure in country X leading to low production
  - High levels of illiteracy/ignorance of modern economic trends across the world

(b) (i)



(ii) Negative effects of fixing the price of a commodity below equilibrium price

- Rationing of commodities – due to demand being more than supply
- Smuggling – producers may choose to sell their commodities outside the country illegally due to low home prices
- Hoarding of commodities – sellers may choose to hide the product to wait for better prices in future
- Deficit/low production – producers will abandon the production of that commodity whose price is being controlled

1 x 4 = 4mks

3. (a) Negative effects of value Added Tax (VAT)

- Causes inflation by increasing the prices of goods/services
- It is regressive (non-discriminative) being heavier on the low income people than on the rich
- Uneconomical – it is difficult to administer
- Leads to misallocation of resources producers wishing to avoid assessment and collection may choose to produce other goods that do not attract VAT
- Reduces the consumers well-being – VAT increases prices of goods hence reducing purchasing power of consumers
- Uncertainty cause it is not easy to estimate the expected tax revenue from VAT
- Lack of contributors awareness – it is hidden in the price of goods/services
- Can be avoided by not purchasing the taxed commodity

(b) Benefits of the EPZ to the Kenyan economy

- Production is mainly for export this brings foreign currency to the country
- Provides direct employment opportunities to Kenyan's and to suppliers of inputs used in the industries
- Transfer of technology to the local investors
- Development of infrastructure in these areas has also benefited nearby areas
- Exploitation of local raw materials by the industries
- Exports from these industries can help to correct deficit in B.P
- Stimulate industrialisation in the country
- Attracted auxiliary services e.g. Banks in those areas

4. (a) Functions of the central Bank of Kenya
- Issue and control of currency
  - Credit control
  - Banker to the government
  - Banker to all commercial banks
  - Managing public debt
  - Lender of last resort
  - Advisor to government
  - Managing foreign exchange rate
  - Carrying out research and publishing journals.

Splitting of points is allowed  
Well explained point 2 mks

- (b) (i) Searching and identifying new markets for Kenya's exports in the foreign country  
(ii) Providing information to local producers on over seas markets, goods on demand and export procedures  
(iii) Organizing international trade exhibitions and shows for Kenyan missions  
(iv) Organizing educational tours and sales missions for local traders on standards and quality requirement in the country's they serve  
(v) Publishing trade journals and magazines for the benefit of traders in the home country and the countries they serve  
(vi) Keep statistics of products such as values packaging, sizes and methods of manufacturing  
(vii) Select buyers, agents and distributors of the home country's exports

5. (a)

Juhudi Traders				
Trading profit and loss A/C				
For the year ended 31 Dec 2010				
		Sh		
	Op. stock	18,000 ✓		Sales 600,000 ✓
Add.	Purchases	200,000 ✓		Return in 25,000 ✓
	Carr. In	6,500 ✓		
		206,500		575,000
Less.	Return out	15,000 ✓		
		191,500 ✓		
	GAS	209,500 ✓		
	Closing stock	20,000 ✓		
	Cost of sales	189,500 ✓		
	G.P c/d	385,500 ✓		
		575,000		575,000
Less.	<u>Expenses</u>			G.P b/d 385,500
	Disc. Allowed	6,000 ✓		Add. <u>Incomes</u>
Carr. Out		15,000 ✓		Disc. Rec 8,000 ✓
	Salaries	10,000 ✓		Commission 10,000 ✓
	House rent	49,000 ✓		
	Commission	50,000 ✓		
	Electricity	43,000 ✓		
	NP	230,500 ✓		
		403,500		403,500

Award ticks (✓) appropriately 20 x 1/2 = 10mks

- (b) – Where bulky goods/large volume are to be transported
- For ease/fast loading/off loading of goods is needed
  - To avoid damage to goods
  - Where goods are special as special containers are available
  - To avoid theft of goods
  - Where there is a need to save on insurance cost
  - Where the firm can afford the cost of containers
  - Where there is a need to save on space
  - Where it's the policy of the business to use containers

6. (a)

Sales Journal		
Date	Details	Amount
May 5	Kibwezi retailers	30,000√
10	Pendo retailers	75,000√
20	Reko retailers	90,000√
	√ Total posted to sales A/C (CR)	<u>195,000</u>

Purchases Journal		
Date	Details	Amount
May 1	Meme supplied	60,000√
14	Kesho suppliers	80,000√
20	Malimali suppliers	50,000√
	√ Total posted to purchase A/C (DR)	<u>190,000</u>

Sales Returns Journal		
Date	Details	Amount
May 12	Kibwezi retailers	3,000√
25	Pendo retailers	7,500√
	√ Total posted to sales Ret A/C (DR)	<u>10,500</u>

Purchases Returns Journal		
Date	Details	Amount
May 12	Meme suppliers	2,000√
	√ Total posted to purchases returns A/C (CR)	<u>2,000</u>

General Journal/ Journal Proper			
Date	Details	Dr	Cr
May 12	Motor vehicle A/C Nissan Motors A/C√	1,600,000√	1,600,000√
May 22	To record purchase of motor vehicle on credit Wote ltd A/C Equipment A/C	420,000√	420,000√
	To record sale of equipment on credit √		
		2,020,000	2,020,000√

Award ticks (√) appropriately 20 x ½ = 10mks

(b) Factors that may have attracted the factory to the town.

- (i) Availability of market
- (ii) Good transport network
- (iii) Well developed communication facilities
- (iv) Availability of a large pool of labour
- (v) Availability of social amenities
- (vi) Availability of power
- (vii) Security
- (viii) Auxiliary services