

**3.29.2 Business Studies Paper 2 (565/2)**

- (a) Explain **five** uses of National Income Statistics to a country. (10 marks)
- (b) Discuss **five** principles that would lead to effective use of government resources. (10 marks)

**2** (a) Explain **five** ways in which the consumer may benefit from warehousing. (10 marks)

- (b) The following information was extracted from the books of Mamboleo Traders in the month of September, 2014.

|              |   |
|--------------|---|
| September 1  | Had cash in hand, Shs15,500 and a bank overdraft of Shs 9,700.      |
| September 3  | Bought goods for sale Shs 12,300 on credit.                         |
| September 5  | Sold good in cash Shs 8,500.  |
| September 9  | Sold goods on credit Shs 10,000.                                    |
| September 12 | Received a cheque of Shs 9,000 from a debtor.                       |
| September 15 | Paid a creditor Shs 10,000 in cash.                                 |
| September 17 | Paid wages Shs 2,600 in cash.                                       |
| September 19 | Received a cheque Shs 23,400 from Samson for goods sold in January. |
| September 20 | Received Shs 6,700 from a debtor in cash.                           |
| September 23 | Withdrew Shs 7,700 from the bank for office use.                    |
| September 24 | Paid electricity bills by cheque Shs1,200.                          |
| September 25 | Received a cheque of Shs11,500 from a debtor.                       |
| September 26 | Made cash sales of Shs12,800 .                                      |
| September 27 | Purchased goods worth Shs 8,950 in cash.                            |
| September 28 | Deposited personal cash Shs 3,500 into the business account.        |
| September 30 | Paid water bills by cheque Shs 2,800.                               |

**Required:**

Prepare a two column cash book. (10 marks)

- 3** (a) Describe **five** characteristics of a monopolistic competitive market. (10 marks)
- (b) Explain **five** features of human wants. (10 marks)

- 4 (a) The following trial balance relates to Chui Traders as at 31<sup>st</sup> December, 2014.

**Chui Traders  
Trial Balance  
As at 31<sup>st</sup> December 2014**

| Details     | Dr (Ksh)             | Cr (Ksh)             |
|-------------|----------------------|----------------------|
| Stock       | 10,000               |                      |
| Bank        | 3,500                |                      |
| Purchases   | 15,000               |                      |
| Sales       |                      | 28,000               |
| Returns     | 800                  | <u>1,100</u>         |
| Rent        |                      | 580                  |
| Insurance   | 950                  |                      |
| Creditor    |                      | 450                  |
| Carriage in | 1,200                |                      |
| Discounts   | <u>300</u>           | <u>1,620</u>         |
|             | <u><u>31,750</u></u> | <u><u>31,750</u></u> |

Additional Information:

- Closing stock was valued at Ksh 2,500.
- Carriage out was Ksh 1,200.

**Required**

- Prepare Trading, Profit and Loss Account. (10 marks)
- (b) Explain **five** methods of determining the price of a product other than price control. (10 marks)
- 5 (a) Explain **five** trends in office management. (10 marks)
- (b) Explain **five** advantages of government involvement in business. (10 marks)
- 6 (a) Explain **five** benefits which may accrue to Kenya by being a member of the African Development Bank (AFDB). (10 marks)
- (b) Explain **five** features that are common to underdeveloped countries. (10 marks)