

565/2

Paper 2

BUSINESS STUDIES

Dec. 2022 – 2½ hours



Name..... Index Number

Candidate's Signature Date

Instructions to candidates

- (a) Write your name and index number 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 spaces provided after question 6.
- (e) All questions carry equal marks.
- (f) Non-programmable silent electronic calculators may be used.
- (g) **This paper consists of 16 printed pages.**
- (h) **Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**
- (i) **Candidates should answer the questions in English.**

For Examiner's Use Only

Question	Maximum Score	Candidate's Score
	20	
	20	
	20	
	20	
	20	
Total Score		

766

0345



317089



Turn over

1. (a) Explain **five** circumstances under which a bank may dishonour a cheque. (10 marks)
- (b) Explain **five** factors that may lead to an increase in the level of National Income of a country. (10 marks)
2. (a) Explain **five** factors that may lead to dissolution of a co-operative society. (10 marks)
- (b) Explain **five** features of underdeveloped countries. (10 marks)
3. (a) The following balances were extracted from the books of Mtito Andei Wholesalers on 1st October 2021:

Details	Ksh
Bank	80,000
Cash	15,000
Juma (creditor)	24,000
ICDC loan	70,000
Motor vehicle	210,000
Stock	45,000
Mangu (debtor)	26,000
Capital	237,000

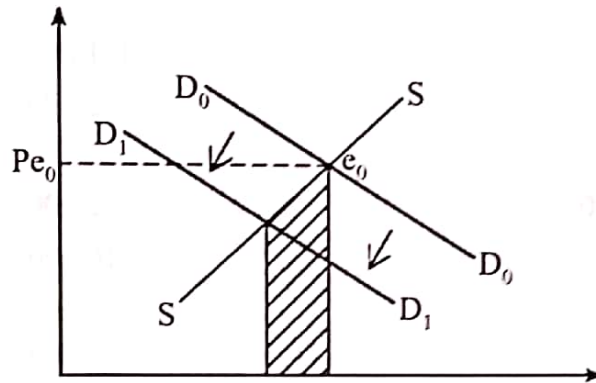
The following transactions took place in the first week of the month:

- October 2nd Withdrew Ksh 14,000 from the bank to pay Juma.
- October 3rd Mangu paid his debt of Ksh 10,000 cash.
- October 4th Took a loan from bank worth Ksh 170,000 cash of which Ksh 70,000 was used to clear outstanding ICDC loan.
- October 5th Purchased goods worth Ksh 40,000 in cash.

Required

- (i) Record the above transactions into their relevant ledger accounts and balance them off. (8 marks)
- (ii) Extract a trial balance as at 5th October 2021. (4 marks)
- (b) Explain **four** elements of a good transport system. (8 marks).

4. (a) Explain five ways in which employees may contribute to the success of a business. (10 marks)
- (b) Explain five roles of the World Bank in promoting international trade. (10 marks)
5. (a) Explain five limitations of mobile phones in communication. (10 marks)
- (b) Use the diagram given below to answer the questions that follow.



- (i) Explain four effects of the shift in demand curve from D_0 to D_1 . (8 marks)
- (ii) State what is represented by the shaded area. (2 marks)

6. (a) The following Trial Balance was extracted from the ledgers of Ushindi Traders on 30th November 2021.

Ushindi Traders
Trial Balance as at 30th November 2021

Details	Dr Ksh	Cr Ksh
Capital		58,300
Sales		200,000
Purchases	111,000	
Salaries	13,300	
Rent Income		40,000
Stock 1/12/2020	12,500	
Insurance	10,500	
Telephone	9,500	
Advertising	14,000	
Premises	100,000	
Furniture	16,000	
Debtors	33,500	
Creditors		53,000
Cash in hand	18,400	
Cash at bank	12,600	
	351,300	351,300

Stock on 30th November 2021 was valued at Ksh 8,500.

Prepare the business Trading, Profit & Loss Account for the year ended 30th November 2021 and a Balance Sheet as at that date. (12 marks)

- (b) Explain **four** reasons that may make Government departments adopt open office layout. (8 marks)

