**565/2- Business Studies- Paper- 2**

**Time -2 Hours**

**Name …………………………………………….……… Index Number…………………………..**

**Candidate’s Signature ………………….…...……….. Date ………………………………**

**INSTRUCTIONS TO CANDIDATES**

1. Write your name and Index number in the spaces provided above.
2. Write the date of examination in the spaces provided above.
3. This paper consist of 6 questions
4. Answer **ANY FIVE**  questions.
5. **ALL** answers must be written in the spaces provided in this booklet.
6. Do not remove any pages from this booklet.
7. This paper consists of **8** printed pages.
8. **Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**

**For examiner’s use only**

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| **Questions** | **Maximum**  **score** | **Candidates’**  **score** |
|  | 20 |  |
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Turn over

T5Bus 2020/2021

1 a) Explain **fiv**e cannons of effective government expenditure. (10marks)

b) Uzima juice enterprises are considering marketing their imported goods direct to consumers. Outline five reasons that may be influencing them to make this decision. (10marks)

2 a) Explain four features of direct production. (8marks)

b) Record the following transactions in the books of original entry of Tumaini traders as at 15th June 2010 and post to the relevant ledger accounts and balance them off.

* *Bought an office printer for shs. 200,000 from Seals Stationary shop on credit.*
* *Sales returns by Ouma traders worth 5,000 Credit note number cr.56 issued.*
* *Sold goods on credit sh. 500,00 to Sargar Traders invoice no. 78*
* *Sold goods shs. 900,000 cash to Mugo receipt no. 210 was issued*
* *Paid salaries sh. 50,000 by cheque no. 589*

(12marks

3 a) Explain the procedure that is used in personal selling. (10marks)

b) With the aid of suitable diagrams explain the difference between a movement and a shift in the demand curve. (10marks)

4 a) Explain five limitations of a trial balance as a tool of locating bookkeeping errors (10marks)

b) Explain five factors that could hasten economic development in Kenya (10marks)

5 a) Explain five differences between a public warehouse and a private warehouse (10marks)

b) The trial balance given below relates to Crown Enterprises

**CROWN ENTERPRISES**

**TRIAL BALANCE**

**ON 31ST DECEMBER 2011**

Dr Cr

**Capital 900,000**

**Buildings 450,000**

**Debtors 536,000**

**Creditors 600,000**

**Bank 200,000**

**Cash 80,000**

**Purchases 1,000,000**

**Sales 1,500,000**

**Stock (1/1/2011) 550,000**

**Returns inwards 20,000**

**Carriage inwards 8,500**

**Discount allowed 50,500**

**Salaries and Wages 285,000**

**Commission income 150,000**

**Returns outwards 30,000**

**3,180,000 3,180,000**

Stock on 31st December 2011 was valued at Sh. 350,000

Required: Crown Enterprises Trading Profit and Loss account (10 marks)

**6.** (a) Explain **SIX** measures that the Government of Kenya may take to control her persistent Balance of

payment deficit. (12 marks)

(b) Outline **FOUR** differences between endowment policy and whole life policy. (8 marks)

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