

Name.....Index No...../.....

Candidate's Signature..... Date.....

BUSINESS STUDIES

565/2

PAPER 2

2 ½ HOURS

NAMBALE DIOCESE JOINT EXAM

BUSINESS STUDIES

Paper 2

TIME: 2½ hours

Instructions to candidates

- This paper consists of six questions
- Answer any five questions
- All questions carry equal marks
- Write your answers in the answer booklet provided.

For Examiner's Use Only

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

1. (a) Explain five factors that may enhance operations of a warehouse.
(10marks)
(b) Explain five benefits of Government participation in business activities to a country.
(10marks)
2. (a) Explain five personal characteristics of a successful entrepreneur.
(10marks)
(b) Explain five negative effects of inflation on an economy.
(10marks)
3. (a) Explain five benefits Kenya gets from being a member of East African community.
(10marks)
(b) on 1st January 2019, Ojukwo traders had shs. 40,000 cash in hand and a bank overdraft of Ksh.50,000
During the month, the following transactions took place
January 2: Cash sales Ksh. 55,000
January 6: A debtor settled his account of ksh. 70,000 by cheque less 5% cash discount.
January 16: Paid salaries ksh. 23,000 in cash.
January 21 settled a creditors account of ksh.17,000. Cheque less 2% Cash discount
January 31 banked all the cash except ksh. 20,000.
Prepare Ojukwo traders three column cash book
4. a) Explain five challenges encountered in in development planning.
(10marks)
b) Explain five differences between a public limited company and a public Cooperation.
(10marks)
5. a) Describe five channels of distribution a foreign producer would use to ensure, her goods reach consumers in another county
(10mks)
b) Explain five features of a good tax system.
(10mks)
6. a) Explain five reasons why ethical issues are important in Business operation.
(10mks)
b) The following balance sheet relates to Chemise trading

**Chemise traders
Balance sheet
As at 1.1.09**

Fixed assets		
Building 120,000	Capital	140,000

Motor vehicles 240,000

Current assets

Debtors 50,000

Cash 30,000

Stock 60,000

500,000

current liabilities

creditors 25,000

Overdraft 45,000

Bank loan 290,000

500,000

The following transaction took place during the month of January

January 2: paid creditors sh. 10,000

January 3: Received cash 38,000 from debtors

January 4: Bought office equipment sh. 32,000 in cash

January 5: Took goods worth sh. 10,000 from business for personal use.

At the end of January, Chemasereleased a net profit of

Shs.84, 000 and the bank loan reduced to sh. 206,000.

Required

Balance sheet as at 31.1.09.

(10mks)