

NAME.....ADM.....CLASS.....

BUSINESS STUDIES,

PAPER 2

FORM 3, TERM 2

TIME: 2¹/₂hrs

INSTRUCTIONS:

Attempt any five questions from this paper.

1. a) Discuss five factors that may influence entrepreneurial practice positively in the country. (10mks)
b) Explain five principals of insurance. (10mks)

2. a) Explain five benefits of matatu reforms in transport sector.(10mks)
b) Using a well labeled diagram, differentiate between shift in demand curve and movement along the demand curve. (10mks)

3. a) Muema is planning to construct a warehouse for renting. Explain five measures that he may take to ensure its smooth operation. (10mks)
b) Explain five methods used to distribute imported manufactured goods. (10mks)

4. a) Outline five measures that the Kenya government may take to reduce unemployment. (10mks)
b) Explain five measures that the government may take to increase supply of maize in the market. (10mks)

5. a) Describe any five types of business activities. (10mks)
b) Munguti, who runs a retail store, had the following assets and liabilities as at 31st March 2016.

Premises	Sh. 100,000
Debtors	Sh. 4,000
Creditors	Sh. 16,000
Stock	Sh. 2,000
Cash at bank	Sh. 60,000
Cash in hand	Sh. 20,000
Loan from AFC	Sh. 50,000

During the month of April 2015, the following transactions took place
2015

April 1st sold goods at cost Sh. 2000 cash

April 2nd Paid creditors Sh. 8000 cash

April 10th received Sh. 2000 from his debtors in cash

April 15th Bought a motor van for Sh. 35,00 paying by cheque

April 25th purchased goods worth Sh. 15000 and paid by cheque

Required: Prepare a balance sheet as at 25th April 2015. (10mks)

6. a) Describe the following terms as used in accounting.

i) Assets (2mks)

ii) Credit transactions. (2mks)

iii) Networth of a Business. (2mks)

iv) Ledger. (2mks)

b) Muinamo started a business on 1st March 2012 with a capital of 240,000 consisting of Sh. 130,00 in bank, Sh. 50,000 in cash and furniture worth Sh. 60,00. Transactions for the first week were as follows;

2012: March 2nd purchased a typewriter by cheque Sh. 20,000

March 3rd bought delivery van for Sh. 450,000 from Mwangaza motors on Credit

March 4th Bought stock worth Sh. 15,000 for cash

March 5th Purchased goods worth Sh. 18,000 from Kinyua on credit

March 6th sold goods worth Sh. 30,000 on credit to Menge

March 7th paid 12,000 to Kinyua by Cheque

March 7th received Sh. 4,000 for rent by cheque

Required: Record the above information in the relevant ledger accounts and balance them off on 7th March 2012. (10mks)