**BUSINESS STUDIES**

**FORM FOUR END OF TERM 2 EXAMINATION**

**PAPER: 2**

**Time: 21/2 hours**

**INSTRUCTIONS:**

**ANSWER ANY FIVE QUESTIONS**

1(a) Explain five features of human want **(10mks)**

1(b)explain five principles that would lead to effective use of government resources **(10mks)**

2(a) Explain five reasons why an effective filing system is important in an office (**10mks)**

2(b) Explain five advantages of locating firms in different part of the country. **(10mks)**

3(a) Explain five elements of effective communication **(10mks)**

3(b) The trial balance of Zanayo Traders as at 1st June 2008 is given below

|  |  |  |
| --- | --- | --- |
|  | **DR** | **CR** |
| Stock |  |  76,500 |
| Creditors |  |  450,400 |
| Debtors | 350,000 |  |
| Bank |  |  260,400 |
| Fixed Assets | 970,200 |  |
| Cash | 120,500 |  |
| Capital |  | 1,300,000 |
| Lighting due |  |  27,200 |
|  | **1,777,600** | **1,777,600** |

During the month, the following transactions took place:

2008:

June 5 Paid a creditors sh 228,000 by cheque in full settlement of debt after deducting 5% Cash discount.

June 15 Withdraw sh 100,000 from bank for office use.

June 28 Received sh 160,000 cash from a debtor after allowing cash discount of sh 40,000.

Record the above transactions in the relevant ledger accounts and balance them out**(10mks)**

4(a) Explain five methods of determining the price of a product other than demand and supply **(10mks)**

4(b) Explain five factor that one may consider when selecting a means for communicating. **(10mks)**

5(a)Explain five circumstances under which a country may realise a surplus in balance of payment **(10mks)**

5(b) Explain five features of monopolistic competition. **(10mks)**

6(a) Explain five trends in office management **(10mks)**

6(b) The following Trial balance was prepared from the book of Mugambi Traders for the year ended 31st Dec 2005.

 Mugambi Traders

 Trial Balance

 **Dr Cr**

Land and building 500,000

Capital 940,000

Plant and machinery 200,000

Motor vehicle 300,000

10year bank loan 200,000

3 years ICDC loan 100,000

Stock 100,000

Debtors 60,000

Creditors 60,000

Accrued expenses 20,000

Cash at bank 100,000

Cash at hand 20,000

Drawings 40,000

 **1,320,000** **1,320,000**

Prepared

1. A balance sheet for the year ended 31st December 2005.
2. Determine:

Working Capital

Capital Employed

Borrowed Capital