**NAME\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_INDEX NO.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**DATE\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_SIGNATURE\_\_\_\_\_\_\_\_**

**ADM NO.\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**BUSINESS STUDIES PP 2**

**Instructions to candidates**

* *This paper consists of* ***six*** *questions*
* *Answer any* ***five*** *questions*
* *All questions carry equal marks*
* *Write your answers in spaces provided.*

**For Examiner’s Use Only**

|  |  |  |
| --- | --- | --- |
| **Question** | **Maximum score** | **Candidate’s Score** |
| **1** | 20 |  |
| **2** | 20 |  |
| **3** | 20 |  |
| **4** | 20 |  |
| **5** | 20 |  |
| **6** | 20 |  |
|  | **TOTAL SCORE** |  |

1 a)Describe five features of economic resources (10marks)

b)Explain five internal economies of scale that a firm can enjoy as its scale of production increases. (10marks)

2a) Explain five important of filing documents in an organization (10marks)

b) Explain five factors that determine the size of a firm (10marks)

3a) The following trial balance was prepared from the books of Muranga traders as at 31st Dec 2018

Muranga traders

Trial balance

As at 31st Dec 2018

|  |  |  |
| --- | --- | --- |
|  | Dr (shs) | Cr (shs) |
| Sales  Purchases  Returns  Carriage inwards  Carriage outwards  Stock (jan 2018)  Rent  Delivery van  Bank  Creditors  Debtors  Interest  General expenses  Capital | 500,000  60,000  30,000  3,000  100 ,000  12,000  300,000  60,000  100 000  18,000  7,000 | 900,000  20,000  60,000  50,000  178,000 |
|  | 1,190,000 | 1,190,000 |

Stock on 31st Dec 2018 was at sh.130,000 required,

Prepare a trading profit and loss account for the year ended 31st Dec 20189. (10marks)

3b) Explain any five limitations of advertising goods in newspapers (10marks)

4a) Explain 5 ways of correcting balance of payment deficit. (10marks)

b)Explain five factors that are likely to lead to high birth rate in Kenya. (10 marks)

5a)Explain five challenges that may be faced by a producer who sells goods directly to consumers. ( 10 marks)

b) On March 1 2017, Lyon had cash in hand sh.87,000 and cash at bank sh.250,000. During the month, the following transactions took place:

**2017**

March 2: Cash sales sh.60,000

3: Paid salaries sh.101,500 by cheque

7: Received a cheque of sh.76,000 from Henry after allowing him a cash discount of 5%

13: Bought office furniture by cheque sh.86,000

17: Settled Marita’s account for sh.34,200 in cash, having deducted sh.800 cash discount.

20: Received a cheque for sh.165,000 in respect of cash sales.

22: Paid wages sh,25,000 in cash.

24: Withdrew sh.32,000 from the bank for office use.

25: Withdrew sh.4000 cash for personal use

29: received sh.17,000 cash form Alvin in settlement of his account less sh.1000 cash discount.

31: Deposited all the money into the bank except sh.24,000.

**Required**:

Prepare a three column cash book duly balanced. (10 marks)

6a) Differentiate between life assurance and property insurance (10marks)

b) Explain five circumstances under which personal selling may be most appropriate. (10 marks)