

## **THIKA COUNTY**

**565/2**

**BUSINESS STUDIES**

**PAPER II**

**JULY/AUGUST 2015**

**TIME 2 ½ HOURS**

### **INSTRUCTIONS TO CANDIDATES**

- **Answer any fiver questions**

1. a) Explain five factors that may hinder effective communication. (10 marks)  
b) Explain five causes of unemployment in Kenya today. (10 marks)
2. a) Describe five features of good money. (10 marks)  
b) Explain five measures that the government may use to curb undesirable levels of inflation. (10 marks)
3. a) Describe five methods a country can apply to correct her deficit balance of payments disequilibrium. (10 marks)  
b) Explain five ways in which warehousing promotes trade in Kenya. (10 marks)
4. a) Explain five factors which may influence choice of a distribution channel. (10 marks)  
b) State and explain five macro environments and the positive effect of each on the performance of a business (10 marks)
5. a) Describe five uses of national income statistics to a country.  
b) Gatundu wholesalers have been buying sugar directly from Mumias Sugar Company. Explain five services offered by Gatundu wholesalers to Mumias Sugar Company.
6. a) Explain five roles that the insurance industry plays in an economy. (10 marks)

b) The following trial balance was extracted from the books of Kigumo Enterprises for the year ended 31/12/2014.

KIGUMO ENTERPRISES		
TRIAL BALANCE		
AS AT 31 <sup>ST</sup> DEC. 2014		
	DR (shs)	CR(shs)
Capital		250,000
Drawings	33,000	
Opening stock	47,000	
Purchases	300,000	
Sales		420,000
Returns inward	4,000	
Returns outward		7,000
Carriage outward	10,000	
Carriage inward	28,000	
Discount allowed	4,000	
Furniture	25,000	
Motor vehicle	145,000	
Creditors		55,000
Discount received		14,000
Premises	100,000	
debtors	<u>50,000</u>	<u>          </u>
	746,000	746,000
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Closing stock was valued at shs 55,000 while depreciation on motor vehicles was shs 15,000

Required:

- (i) Trading and profit and loss account for the year ended 31<sup>st</sup> Dec. 2014.
- (ii) Balance sheet as at 31<sup>st</sup> Dec. 2014 (10 marks)