

3.29.2 Business Studies Paper 2 (565/2)

- 1 (a) Explain **five** benefits that a firm may enjoy by preparing a business plan. (10 marks)
- (b) Explain **five** demerits that a country may suffer when the government becomes a major investor in business. (10 marks)

- 2 (a) On first January 2012, Ndovu Traders had shs 30,000 in cash and shs 75,000 at the bank. During the month, the following transactions took place:

January 2nd: Bought goods in cash worth shs 15,500

5th: Received cash from Chui shs 23,750 after allowing 5% cash discount.

8th: Withdrew shs 8,900 from the bank for personal use.

11th: Maro, a debtor settled her account of shs 16,800 by a cheque of shs 16,000.

15th: Sales amounted to shs 24,250 in cash.

17th: Paid Furaha traders shs 29,100 in cash in full settlement of their account less 3% cash discount.

20th: Withdrew shs 15,000 from the bank for business use.

22nd: Koko a debtor, settled her account of shs 40,000 by cheque less 2.5% cash discount.

25th: Paid wages shs 21,000 in cash.

Required:

Prepare a duly balanced three column cash book. (12 marks)

- (b) Explain **four** reasons for which traders observe ethical practices in product promotion. (8 marks)
- 3 (a) Explain **five** objectives that may be achieved by establishing firms in different parts of the country (10 marks)
- (b) Describe **five** accounting documents that are used in home trade. (10 marks)

- 4 (a) The following information relates to Bahati enterprises:

Details	Shs
Stock 1 st January 2012	430,000
Purchases	930,000
Sales	1,155,000
Carriage outwards	25,000
Carriage inwards	10,000
Returns outward	20,000
Returns inwards	30,000
General expenses	100,000
Insurance	25,000
Stock 31 st December 2012	470,000

Calculate:

- (i) Turnover (1 mark)
 - (ii) Rate of Stock Turnover (3 marks)
 - (iii) Mark up (2 marks)
 - (iv) Margin (2 marks)
 - (v) Net profit (2 marks)
- (b) Explain **five** guidelines that should be followed by the government in its expenditure. (10 marks)
- 5 (a) Explain **five** disadvantages that a developing country may suffer by liberalizing foreign trade. (10 marks)
- (b) Explain **five** features of monopolistic competition. (10 marks)
- 6 (a) Apart from selling shares, explain **five** sources of finance for a public limited company. (10 marks)
- (b) There has been a decline in the demand for wooden furniture. Explain **five** factors that may have caused this trend. (10 marks)