

1. (a) Explain **five** ways in which the internal environment may contribute to the success of a business enterprise. (10 marks)
- (b) Describe **five** channels of distribution that a Kenyan manufacturer would use to ensure her goods reach consumers in another country. (10 marks)
2. (a) Explain **five** differences between chain stores and departmental stores. (10 marks)
- (b) The following Trial Balance was extracted from the books of Ojwang Limited on 31 December 2013.

**Ojwang Limited  
Trial Balance  
As at 31 December 2013**

Details	Dr (Ksh)	Cr (Ksh)
Capital		800,000
Opening stock	200,000	
Purchases	680,000	
Returns	50,000	80,000
Discount	80,000	45,000
Carriage inwards	42,000	
Debtors and creditors	200,000	105,000
Sales		1,200,000
Motor vehicles	750,000	
Furniture and fittings	250,000	
Rent	50,000	60,000
Bank overdraft		42,000
Carriage outwards	30,000	

**Additional Information:** Closing stock was valued at Ksh 80,000.

**Required:** Prepare a Trading, Profit and Loss account. (10 marks)

3. (a) Explain **five** benefits that a private limited company would get by converting to a public limited company. (10 marks)
- (b) Explain **five** disadvantages of using direct taxes to raise government revenue. (10 marks)

4. (a) The following transactions relate to Dagoreti Enterprises for the month of March 2016.

March 1: Started business with Ksh 15,300 in cash and a bank overdraft of Ksh 8,200  
March 3: Made cash purchases of Ksh 10,200 in cash  
March 4: Harrison, a debtor settled his account of Ksh 18,000 by issuing a cheque of Ksh 13,400 and the rest by cash  
March 5: Paid wages by cheque, Ksh 5,000  
March 6: Received a cheque of Ksh 9,310 from Chebet  
March 7: Received cash, Ksh 7,720 from Otieno  
March 8: Paid Hassan Ksh 5,450 in cash  
March 9: Deposited Ksh 6,000 from the office into the business bank account  
March 10: Paid insurance Ksh 3,700 by cheque  
March 11: Paid Ksh 3,900 for repairs in cash  
March 12: Received Ksh 8,570 in cash from Mwende  
March 13: Received a cheque of Ksh 11,200 from Makokha  
March 14: Paid water bill Ksh 2,590 by cheque  
March 15: Paid rent Ksh 6,500 by cheque  
March 29: Took all the cash that was in the office and deposited it into the business bank account

**Required:** Prepare a two column cash book for the month of March 2016. (10 marks)

- (b) Explain **five** factors that one may consider when selecting a means for communicating. (10 marks)

5. (a) Explain **five** demerits of the output approach in measuring national income. (10 marks)

- (b) Explain **five** circumstances under which a country may realise surplus in its balance of payments. (10 marks)

6. (a) Explain **five** methods that the government may use to increase supply of goods in the market. (10 marks)

- (b) Explain **five** factors that may promote the growth of entrepreneurship in Kenya. (10 marks)