

3.28.2 Business Studies Paper 2 (565/2) [More past papers at www.elimucentre.com](http://www.elimucentre.com)

- 1 (a) Explain **five** benefits that may accrue to a country with a large proportion of skilled labour force. (10 marks)
- (b) Outline **five** characteristics of an efficient tax system. (10 marks)
- 2 (a) Explain **five** benefits that Kenya may get as a member of C.O.M.E.S.A. (10 marks)
- (b) Explain **five** factors that may hinder economic development in Kenya. (10 marks)
- 3 (a) Explain **five** benefits that may be realized by a country as a result of government policy to relocate industries to rural areas. (10 marks)
- (b) The following balances were extracted from the books of Soilo Traders on 31st December 2010.

	Shs
Machinery	360,000
Furniture	430,500
Sales	500,000
Opening stock	75,000
Closing stock	?
Purchases	395,000
Rent income	72,000
General Expenses	60,000
Debtors	62,250
Creditors	101,550
Bank	202,000
Cash	88,800
Capital	1,000,000

Additional information:

Gross profit margin is stated at 40%.

Prepare:

- (i) Trading, Profit and Loss Account for the year ended 31st December 2010. (5½ marks)
- (ii) Balance sheet as at 31st December 2010. (4½ marks)

4 (a) Explain **five** advantages of advertising to the consumer. (10 marks)

(b) On 1st January 2011, Jumo Traders had shs 22,500 in cash and shs 250,000 at bank. During the month, the following transactions took place:

2nd Jan.	–	Made cash sales of shs 465,200
5th Jan	–	Received a cheque for shs 451,250 from Kamau Traders in full settlement of their debt after allowing a 5% cash discount.
15th Jan	–	Paid Ndaru Traders Shs 184,000 in cash after deducting a cash discount of shs 16,000
20th Jan	–	Deposited shs 200,000 from the cash till into the bank
25th Jan	–	Paid wages shs 144,000 in cash
28th Jan	–	Settled Mbago Trader's account of Shs 300,000 by cheque, less 15% cash discount
29th Jan	–	Withdrew shs 250,000 from the bank for office use
30th Jan	–	Deposited all the cash into the bank, except shs 59,700.

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

5 (a) Outline **six** circumstances under which a trader may use air transport. (12 marks)

(b) Explain **four** ways through which a public limited company may be dissolved. (8 marks)

6 (a) With the aid of a diagram, explain the effect of an increase in the supply of a commodity while its demand remains constant. (10 marks)

(b) Explain **five** features of oligopoly. (10 marks)