

# BUSINESS STUDIES

Dec. 2022 – 2½ hours



Name..... Index Number .....

Candidate's Signature ..... Date .....

### Instructions to candidates

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) This paper consists of **six** questions.
- (d) Answer any **five** questions in the spaces provided after question 6.
- (e) All questions carry equal marks.
- (f) Non-programmable silent electronic calculators may be used.
- (g) **This paper consists of 16 printed pages.**
- (h) **Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**
- (i) **Candidates should answer the questions in English.**

### For Examiner's Use Only

| Question    | Maximum Score | Candidate's Score |
|-------------|---------------|-------------------|
|             | 20            |                   |
|             | 20            |                   |
|             | 20            |                   |
|             | 20            |                   |
|             | 20            |                   |
| Total Score |               |                   |

766

0345



1. (a) Explain **five** circumstances under which a bank may dishonour a cheque. (10 marks)
- (b) Explain **five** factors that may lead to an increase in the level of National Income of a country. (10 marks)
2. (a) Explain **five** factors that may lead to dissolution of a co-operative society. (10 marks)
- (b) Explain **five** features of underdeveloped countries. (10 marks)
3. (a) The following balances were extracted from the books of Mtito Andei Wholesalers on 1st October 2021:

| Details         | Ksh     |
|-----------------|---------|
| Bank            | 80,000  |
| Cash            | 15,000  |
| Juma (creditor) | 24,000  |
| ICDC loan       | 70,000  |
| Motor vehicle   | 210,000 |
| Stock           | 45,000  |
| Mangu (debtor)  | 26,000  |
| Capital         | 237,000 |

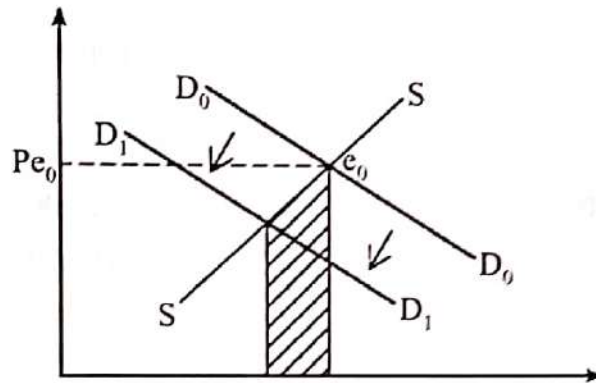
The following transactions took place in the first week of the month:

- October 2nd Withdrew Ksh 14,000 from the bank to pay Juma.
- October 3rd Mangu paid his debt of Ksh 10,000 cash.
- October 4th Took a loan from bank worth Ksh 170,000 cash of which Ksh 70,000 was used to clear outstanding ICDC loan.
- October 5th Purchased goods worth Ksh 40,000 in cash.

### Required

- (i) Record the above transactions into their relevant ledger accounts and balance them off. (8 marks)
- (ii) Extract a trial balance as at 5th October 2021. (4 marks)
- (b) Explain **four** elements of a good transport system. (8 marks).

4. (a) Explain five ways in which employees may contribute to the success of a business. (10 marks)
- (b) Explain five roles of the World Bank in promoting international trade. (10 marks)
5. (a) Explain five limitations of mobile phones in communication. (10 marks)
- (b) Use the diagram given below to answer the questions that follow.



- (i) Explain four effects of the shift in demand curve from  $D_0$  to  $D_1$ . (8 marks)
- (ii) State what is represented by the shaded area. (2 marks)

6. (a) The following Trial Balance was extracted from the ledgers of Ushindi Traders on 30th November 2021.

**Ushindi Traders**  
**Trial Balance as at 30th November 2021**

| Details         | Dr<br>Ksh      | Cr<br>Ksh      |
|-----------------|----------------|----------------|
| Capital         |                | 58,300         |
| Sales           |                | 200,000        |
| Purchases       | 111,000        |                |
| Salaries        | 13,300         |                |
| Rent Income     |                | 40,000         |
| Stock 1/12/2020 | 12,500         |                |
| Insurance       | 10,500         |                |
| Telephone       | 9,500          |                |
| Advertising     | 14,000         |                |
| Premises        | 100,000        |                |
| Furniture       | 16,000         |                |
| Debtors         | 33,500         |                |
| Creditors       |                | 53,000         |
| Cash in hand    | 18,400         |                |
| Cash at bank    | 12,600         |                |
|                 | <b>351,300</b> | <b>351,300</b> |

Stock on 30th November 2021 was valued at Ksh 8,500.

Prepare the business Trading, Profit & Loss Account for the year ended 30th November 2021 and a Balance Sheet as at that date. (12 marks)

- (b) Explain four reasons that may make Government departments adopt open office layout. (8 marks)

