

FORM 3 TERM 3 OPENER

BUSINESS STUDIES

PAPER 2

NAME.ADM. NO.....CLASS:.....

565/1

BUSINESS STUDIES FORM THREE

PAPER 2

Time: 2½ hrs

INSTRUCTIONS TO CANDIDATES

- Write your name, class and admission number in the spaces provided
- Answer any FIVE questions in the spaces provided
- All questions carry equal marks
- All answers must be written in English

1. a) Describe any five disadvantages of operating sole proprietorship business. (10mks)
b) Explain any five factors that may contribute to low national income in a country. (10mks)
 2. a) Explain five factors that may slow entrepreneurship in a country. (10mks)
b) Explain any five circumstances which may make it necessary for an insurance company to re-insure. (10mks)
 3. a) Explain any five channels of distributing imported goods. (10mks)
- b) The following transactions relates to Laito traders for the month of January 2014.
- 1st Jan – Started business with shs. 100,000 cash and shs. 200,000 in bank.
2nd Jan- Withdrew shs. 20,000 for office use.
14th Jan – Withdrew shs. 10,000 from bank for private use
- Required: Prepare the relevant ledger accounts and balance off the accounts. (10mks)
4. a) Explain any five disadvantages to a country where the government involves itself in business. (10mks)
- b) Explain any five benefits to a business that uses computers to file documents. (10mks)
5. a) The following balances were obtained from the books of Kenya Moja traders on 1st June 2018.

l	600,000
van	200,000
ure	200,000
	60,000
rs	80,000
	270,000
ors	180,000
nding electricity bill	30,000

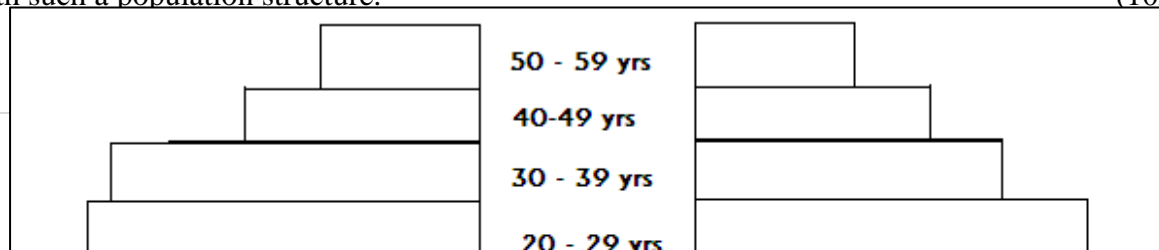
The following transactions took place during the year ended 31st December, 2018.

- i) Paid creditors shs. 80,000 by cheque
- ii) Sold motor van and was paid shs. 150,000 in cash and the balance was still outstanding at the end of the year.
- iii) Paid an electricity bill of shs. 20,000 in cash and shs. 10,000 was still outstanding at the end of the year.

Required: Prepare Kenya moja traders balance sheet as at 31st December, 2018. (10mks)

- b) Outline any five factors that have facilitated growth of commerce in Kenya. (10mks)
6. a) Outline any five conditions under which a business may find it appropriate to accept deferred terms of payment. (10mks)

b) Below is a population structure according to the ages. Explain any five challenges to a country with such a population structure. (10mks)



MALE

FEMALE