

LAVINGTON GIRLS SECONDARY SCHOOL

APRIL 2026 HOLIDAY ASSIGNMENT

BUSINESS STUDIES (565/2)
FORM FOUR (4)
PAPER 2
Time: 2 ½ Hours

INSTRUCTIONS TO CANDIDATES

Answer **ALL THE SIX** questions from this paper.

1. a) Bartenge Enterprises started business on 1st May 2014 with Shs. 250,000 consisting of: Cash at bank Shs.200,000, Cash in Hand Shs. 30,000 and Furniture Shs. 20,000. The following transactions took place during the month of May.

3rd May 2014, Motor Van worth Shs. 85,000 and stock of Shs. 25,000 were bought on credit

6th May 2014, more stock worth shs.10,000 was bought by cash

9th May 2014, withdrew money from bank sh 50,000 for office use

15th May 2014, Sold stock at cost to a customer on credit for shs. 18,500

19th May 2014, received a cheque for the full settlement of a debt owed from the transaction of 15th may 2014

23rd May 2014, paid Shs. 65,000 by cheque for the motor van bought earlier on credit

31st May 2014, paid Shs. 20,000 cash for the stock bought on credit

Required:

Prepare the balance sheet of Bartenge Holdings as at 31st May 2014. (10marks)

- (b) Abdula, a manufacturer exhibited his goods at a local trade show. However, his sales did not increase significantly thereafter. Outline **five** reasons that may have led to lack of significant sales increase. (10marks)

2. (a) Highlight **four** roles of Nairobi stock exchange as a market for securities. (8 marks)
- (b) On 1st October 2013, Otonglo Traders Had shs.10 000 Cash at Hand and shs.40 000 Cash at the bank. During the month, the following transactions took place.

- Oct 2 Bought goods worth shs3,100 by cheque
- 3 Paid motor expenses shs.6,000 in cash
- 6 Sold goods worth 8,200 cash
- 10 paid a creditor shs.9,500 by cheque after deducting a 5% cash discount
- 12 Received a commission of shs.580 directly into the bank account.
- 14 Shelby, a debtor, settled her account of shs.30,000 by cheque less a 2.5% cash discount
- 15 The bank deducted shs. 850 from the business account for services rendered
- 19 The owner took shs.1,500 by cheque for personal use
- 23 Paid Kiboko traders shs.38,800 by cheque in full settlement of their account less 3% cash discount
- 24 Withdrew shs.15,000 from bank for business use
- 26 Received shs.8,200 cash from a debtor in full settlement of a debt of shs.8,500
- 30 Took all the cash to the bank leaving only shs.1,800 in the cash till

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

- 3 (a) Outline **FIVE reasons** why a bank may dishonour a cheque. (10 marks)
- (b) Outline **five** differences between perfect competition market and oligopolistic markets. (10 marks)

- 4. (a) Explain five importance of entrepreneurship to the economy. (10marks)

b) The following transactions relates to Kioko Traders for the month of May 2012.

- May 2: Sold goods on credit to Asunta sh.24,000 and Janet sh.32,000
- May 8: Bought goods on credit from Patel Traders sh.80,000
- May 12: Asunta returned goods worth sh.4,000
- May 15: Purchased goods on credit from Karoki sh.68,000 and Petero sh.62,100
- May 20: Goods worth sh.12,000 were returned to Patel Traders and goods worth sh.6,000 to Karoki
- May 23: Goods sold on credit to Asunta sh.16,000, Tom sh.22000 and Joseph sh.26,000
- May 27: Goods returned by Janet sh.4,000
- May 30: Purchased a motor vehicle on credit worth sh.1,000,000 from General Motors

Required: Prepare the relevant journals. (10 marks)

5. (a) The following Trial Balance was extracted from the books of Kathuni Traders on 30th April 2016. Prepare a trading, profit and loss account for the period ended 30th April 2016 and a Balance Sheet as at that date. (10 marks)

	Dr. (sh)	Cr.(sh)
Sales		427,000
Purchases	345,000	
Returns	17,000	20,000
Land and Building	640,000	
Carriage in	12,000	
Carriage out	8,000	
Commissions		32,000
Stock 1 st May 2015	54,000	
Loan from Biashara Bank		250,000
Discounts	16,000	29,000
Insurance	21,000	
Salaries	18,000	
Drawings	37,000	
Motor vehicle	400,000	
Furniture	70,000	
National Bank Loan		360,000
Debtors/ Creditors	82,000	95,000
Bank		67,000
General Expenses	15,000	
Cash in Hand	35,000	
Capital	<u> </u>	<u>490,000</u>
Totals	<u>1,770,000</u>	<u>1,770,000</u>

Stock on 31st April 2016 was valued at Sh.75,000

(b) Your school intends to place an order with Elimu Company limited for the supply of some urgently required laboratory equipment. Explain **five** reasons why it would be advisable for the school to use e-mail instead of telephone when placing the order. (10 marks)

6. a) The following trial balance was extracted from the books of Lule Traders on 30th April 2015

Lule Traders
Trial Balance
As at 30th April 2015

	Dr (Kshs.)	Cr (Kshs.)
Sales		186,000
Purchases	115,560	
Stock 1.5.2014	37,760	
Carriage outwards	3,260	
Carriage inwards	2,340	
Returns	4,400	3,550
Salaries	24,470	
Electricity	6,640	
Rent	5,760	
Sundry expenses	12,020	
Equipment	24,000	
Furniture	6,000	
Debtors	45,770	
Creditors		30,450
Bank	38,760	
Cash	1,200	
Drawings	20,500	
Capital	_____	128,440
	348,440	348,440

Stock as at 30.4. 2015 Shs. 49,980

Required:

- i. Prepare Trading, profit and Loss account for the year ended 30th April 2015 (8mks)
- ii. Balance sheet as at 30th April 2015 (4mks)

(b) Many youths in Kenya remain unemployed. Explain four measures that can be taken to solve unemployment in Kenya. (8 marks)