Name………………………………… ADM NO………………… CLASS…………….

Candidate’s Signature …………………………Date …………………………………

ASUMBI GIRLS HIGH SCHOOL

PRE-MOCK

MAY-JUNE

2022

KENYA CERTIFICATE OF SECONDARY EDUCATION

565/2

**BUSINESS STUDIES**

PAPER 2

TIME: 2HOURS 30 MINUTES

**INSTRUCTIONS TO CANDIDATES**

* This paper consist of **six** questions
* Answer any **FIVE** questions
* All questions carry equal marks
* Write your answers in the booklet provided

**FOR EXAMINER’S USE ONLY**

|  |  |
| --- | --- |
| **Question** | **Candidates score** |
| 1 |  |
| 2 |  |
| 3 |  |
| 4 |  |
| 5 |  |
| 6 |  |
| **TOTAL SCORE** |  |

1 .a) Explain **Five** factors that management of a business should consider before buying an

office machine. (10Marks)

b) Outline **five** differences between a public corporation and a private limited company. (10 Marks)

2. a) Explain Five reasons why a country may experience balance of payments disequilibrium . (10Marks)

b) The following information was obtained from the books of Powermax Stores for the month of June 2015.Post the information to the relevant ledger accounts and balance them off. (10Marks)

June 1 : Balance in Cash shs. 60,000 , Bank shs 220,000 , Debtors shs 95,000 and

Creditors shs 80,000

June 5 : Received a cheque of shs. 75,000 from debtors.

June 10 : Drew a cheque of shs 59,000 in respect of creditors.

June 15 : Obtained a loan from KCB shs 130,000 ,money was deposited directly

to the account.

June 24 : Bought land for shs 217,000 ,paying shs 200,000 by cheque and the rest

In cash.

June 28 : Paid creditors in cash shs 1,000.

June 30 : Deposited all cash into the bank except shs 4,000.

3. a) State and explain **Five** guidelines that governs a good tax system. (10Marks)

b) The type of advertising largely depends on the objectives to be achieved. Explain **Five** types of advertising. (10Marks)

4 a) Highlight **Five** ways in which the Kenyan government may increase the amount of

money in circulation. (10Marks)

b) Discuss **Five** factors that determine the amount of premiums charged in a life

Assurance cover. (10 Marks)

5 a) Explain **Five** factors that hinders entrepreneurial practices in Kenya today.

(10Marks)

b) With a well labeled diagram, explain the effect of an increase in demand on the equilibrium price and quantity. (10 marks)

6. a) Outline **Four** reasons why mobile phones (cell phones) have become a popular means of communication . (8 marks)

b) The following Trial balance was extracted from the books of Mwakio Traders on 31st

Dec 2005.

**Mwakio Traders**

**Trial Balance**

**As at 31st December 2005**

|  |  |  |
| --- | --- | --- |
| Name of Account | Dr (Shs) | Cr (Shs) |
| Purchases and Sales  Carriage outwards  Stock (1/1/2005)  Fixed Assets  Debtors and Creditors  Salaries  Bank overdraft  Returns  Cash in hand  General expenses  Capital | 70,000  4,000  12,500  82,000  10,500  16,800    1,500  2,500  5,200    205,000 | 95,000  8,500  10,300  12,400  88,800  205,000 |

Additional information:

Closing stock was valued at shs 6,500.

Prepare : i) Trading, profit and loss Account for the year ending 31st Dec 2005. (8Marks)

ii) Balance sheet. (4Marks)