

Name:..... Class:.....Adm:.....

Candidates Signature .....

565/2

Date .....

BUSINESS STUDIES

Paper 2

March /April 2013

Time 2 ½ hours

**ALLIANCE GIRLS HIGH SCHOOL**

**BUSINESS STUDIES PRE-MOCK**

Paper – 565/2

**March/April 2013**

Time: 2 ½ hours

**INSTRUCTIONS TO CANDIDATES**

- Answer **ANY FIVE** questions

1. a) Explain any five roles played by intermediaries in the chain of distribution. (10mks)  
b) Explain any five monetary instrument used by the Government to reduce the supply of money in an economy. (10mks)
2. a) Describe any five factors that contribute to the establishment of monopoly firms. (10mks)  
b) Explain any five reasons why a producer would prefer to use radio than newspapers to advertise his produce. (10mks)
3. a) Explain any five ways in which the insurance industry promotes the growth of business enterprises. (10mks)  
b) Explain any five methods of government involvement in business activities. (10mks)
4. a) Explain any five benefits of division of labour to an organization (10mks)

- b) In the recent years, the rate of unemployment has been rising in the less developed countries. Explain any five methods that can be adopted by a country to control the high rate of unemployment. (10mks)
5. a) Explain any five benefits that may accrue to a firm which expands its scale of operations. (10mks)
- b) Kenya Pipeline company intends to extend the pipeline from Eldoret to Kampala in Uganda. Explain five benefits of this mode of transport. (10mks)
6. a) Commodities A and B are substitutes. Using two diagrams, explain how an increase in the supply of commodity A will affect the equilibrium price and quantity demanded of commodity B. (10mks)
- b) The following transactions were carried out by Baraka enterprises in the month of June, 2012.

June 1: Balances brought forward: cash sh.2000, bank sh.3250

2: The following debtors cleared their accounts by cheque, with each getting 5% cash Discount: Mugambi sh.6,500, Kinyua Sh.3,500, Maku Sh.2,500

4: Paid rent amounting to Sh. 3,450 by cheque.

6: Sara lent Baraka Sh. 25,000 cash

8: Baraka paid the following creditors accounts by cheque: Beth Sh. 2,500, Ndung'u Sh.5,400, Kimotho Sh.3,900 and got a 2% cash discount in each case.

12: Paid motor vehicle expenses amounting to Sh.3,500 in cash

14: Paid Sh.1,500 in cash as wages

16: Withdrew Sh. 2,300 from the bank for business use.

20: Took Sh.5,000 cash from the business for personal use.

24: Received a commission of Sh.4,300 by cheque

**Required:**

Prepare a three – column cash- book dully balanced. (10mks)