**Name………………………………………………………. Index No. ……………………….…**

**Adm.No……..……Class……..……**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**MAY 2015**

**FORM FOUR**

**TIME: 2 HRS.**

**TIGANIA SOUTH PRE-MOCKS 2015**

**565/2**

**BUSINESS STUDIES**

**FORM FOUR**

**TIME: 2½ HRS.**

**INSTRUCTIONS**

* *Answer* ***any five*** *questions in the separate answer sheet provided.*

1. (a) Explain **five** measures put in place by the government to bring order in road

transport sector in Kenya today.  **(10 marks)**

(b) Explain **five** reasons why per capita income is not a good indicator of standards of living. **(10 marks)**

2. (a) On 1st November 2013:Tabagon Co. Ltd. had a balance of shs. 12,000 at the

bank and shs. 2500 in hand. During the month, the following transaction took place;

Nov. 1 Cash sales Shs. 2500, cash purchase Shs. 1750

Nov. 3 Paid the following accounts by cheque.

Kirop Shs. 1500 less 5% cash discount

Kirui Shs. 2000 less 5% cash discount

Nasimiyu shs. 2100 less 3 % cash discount

Nov. 5 Received the following amounts from debtors,

Ondiek shs. 1200, Jane shs. 3850 and Mueni by cheque shs. 2050 after allowing her shs. 300 cash discount.

Nov. 14 Paid office cash to the bank shs. 2000

Nov. 17 Cash sales 8500

Nov. 22 Mueni paid her account of shs. 5000 by cheque less 10% cash

discount

Nov. 28 Withdrew all the money from the bank for office use except shs. 1000

Nov. 29 Paid salary cash shs. 8000

Nov. 30 A cheque received from Mueni on Nov. 5th was dishonoured.

Prepare Tabagon Co. Ltd. three column cash book. **(10 marks)**

(b) Describe the procedure of obtaining an insurance claim. **(10 marks)**

3. (a) Explain the meaning of the following terms as used in business ownership.

**(10 marks)**

1. Franchising
2. Merger
3. Holding company
4. Front Office Savings Account (FOSA)
5. Globalization

(b) Explain **five** features of a hypermarket. **(10 marks)**

4. (a) Explain **five** emerging issues in office practice today.  **(10 marks)**

(b) Explain **five** reasons that account for the existence of small firms in an economy. **(10 marks)**

5. (a) Explain **five** ways in which communication enhances trading activities.

**(10 marks)**

(b) Highlight **five** factors that facilitate entrepreneurial development in an economy. **(10 marks)**

6. (a) The following trial balance was extracted from the ledgers of Gathioro’s

mobile phones business for the year ended 31st Oct 2013.

**Gathioro’s mobile phones**

**Trial Balance**

**As at Gathiro’s 31st Oct 2013**

|  |  |  |
| --- | --- | --- |
| **Details** | **Dr.**  **(Shs)** | **Cr.**  **(Shs)** |
| Sales |  | 855,000 |
| Purchase | 420000 |  |
| Sales returns | 12000 |  |
| Purchase returns |  | 20000 |
| Creditors |  | 165000 |
| Debtors | 63000 |  |
| Motor vehicle | 480000 |  |
| Cash in hand | 65000 |  |
| Furniture | 190000 |  |
| Carriage inwards | 14000 |  |
| Stock | 280000 |  |
| Capital |  | 626250 |
| Drawing | 88000 |  |
| Telephone | 6400 |  |
| Insurance | 8200 |  |
| Postage | 3850 |  |
| Rent | 19600 |  |
| Discounts received |  | 4000 |
| Advertising | 12900 |  |
| Discount allowed | 7300 |  |
|  | **1670250** | **1670250** |

On 31st Oct. 2013, the business had closing stock valued at Shs. 60,000

Required

1. The trading, profit and loss a/c for the year ended 31st Oct 2013. **(8 marks)**
2. A balance sheet as at that date.  **(4 marks)**

(b) Explain **five** services rendered by the Central Bank to the government.

**(10 marks)**