**NAME……………………………………………………………………………………………….……….INDEX No…………………………**

**CLASS………………………………………….**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**TIME: 2½ HOURS**

**PRE-MOCK**

**TRIAL 6**

**FORM FOUR**

**2018**

***Kenya Certificate of Secondary Education (K.C.S.E)***

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**TIME : 2½ HOURS**

**INSTRUCTIONS TO CANDIDATES**

1. *This paper consists of six questions.*
2. *Answer any five questions.*
3. *Write your answers in the answer booklet provided*
4. *All questions carry equal marks.*

1 a) Explain **Five** measures the Kenya Government can undertake to create an enabling

environment for business activities (10 marks)

b) Explain **five** reasons why containerization has become a popular mode of transport (10 marks )

2 a) Explain **five** methods a trader can use to promote sales (10marks)

b) State & Explain five problems that are encountered at the implementation stage of development planning (10 marks)

3 a) Yen Enterprises carried out the following transactions in the first one week of the month

of June 2017.

June 1, 2017 Bought goods worth Kshs. 100,000 from Cherusei Wholesalers through an Invoice No 0014

June 2, 2017 Nandi stores issued the business with an invoice No. 1007 For goods delivered worth kshs 250000

June 3, 2017 Received an Invoice No. 0045 From Cherusei wholesalers worth kshs 50,000

June 5, 2017 Keben stores delivered goods worth kshs 75,000 and issued an invoice No. 9403

June 7, 2017 Received from Barasa Distributors an invoice No. 0341 worth kshs 125,000

Required: To record the transactions in an appropriate book of original entry and thereafter post the information to the relevant ledger accounts (10 marks )

b) Explain **five** importance of entrepreneurship to the economy (10 marks)

4 a) Highlight **five** problems associated with the output approach of measuring

national income (10 marks)

b) Discuss **five** circumstances under which a manufacturer would find it advisable to distribute his good through wholesallers (10 marks)

5 a) Explain **five** importance of economic integration to a country like Kenya (10 marks)

b) The following trail balance was extracted from the books of Mulwa traders as at 31ST Dec, 2017

Mulwa Traders

Trial balance

As at 31ST Dec 2017

|  |  |  |
| --- | --- | --- |
| Dr shs Cr shs | | |
| Sales  Purchases  Returns inwards  Returns outwards  Carriage inwards  Carriage outwards  Stock (Jan 2005)  Rent  Delivery van  Bank  Creditors  Interest expenses  General expenses  Capital | 500,000  90,000  40,000  3,000  100,000  60,000  160,000  60,000  10,000  7,000 | 800,000  30,000  150,000  170,000 |
|  | 1,150,000 | 1,150,000 |

Stock 31ST Dec 2017 was valued at shs 120,000

**Required**

Prepare a trading, profit and loss account for the year ended 31ST Dec 2017 (10 marks)

6 a) Using a suitable diagram explain why prices tend to be rigid in firms operating under

oligopolistic market condition (10 mark)

b) On 1ST March 2017 , Beba traders had cash in hand ksh 10,000 and cash at bank kshs 15000. The following transactions took place during the month

March 2: Bought goods in cash shs 1500

March 4: Paid salaries by cash shs 7500

March 5: Received cheques form the following debtors after allowing 2% discount in each case, Sitienei shs 980, Chumo shs 1960

March 8: Paid the following accounts by cheque in each case deducting a 5% discount Kipruto shs 3000 Kemboi shs 1200

March 12: Bought machinery by cheque shs 5000

March 20: Withdrew cash shs 1000 for personal use

March 25: Cash sales kshs 2000

March 26: Banked cash amounting to shs 1000

March 29: Received shs 3000 cash from towett a debtor

**Required:** Prepare a three column cash book duly balanced (10 marks )