

NAME..... CLASS..... INDEX
NO..... ADM. NO.....SIGNATURE.....
DATE.....

565/2

BUSINESS STUDIES

FORM FOUR TERM ONE

MOKASA 1 EXAMINATION

KENYA CERTIFICATE OF SECONDARY EDUCATION

PAPER 2

TIME: 2 HOURS 30MINS

Instructions: Attempt **five** questions only

1. (a) Explain **five** ways in which the internal Business environment may positively influence Business activities. (10 marks)
- (b) Explain **five** types of direct taxes. (10 marks)
2. (a) Explain **five** ways in which Entrepreneurs can maintain a healthy Business environment. (10mks)
- (b) On 1st June 2019, Kipchoge Enterprises had cash in hand Sh. 87,000 and cash at bank Sh. 250,000. During the month, the following transactions took place
 - June 2 Cash sales Sh. 50,000
 - 3 Paid salaries Sh. 101,500 by cheque
 - 6 Received a cheque for Sh 76,800 from Jelimo after allowing her a cash discount of 4%
 - 10 Bought Office machine by cheque Sh. 85,000
 - 14 Settled Kiplagat's account of sh. 40,000 in cash, having deducted sh. 1,200 cash discount.
 - 18 Received a cheque of Sh. 150,000 in respect to cash sales
 - 20 Bought stock on credit Sh. 75,000 from Rongo Wholesalers
 - 21 Paid for wages in cash Sh 25,000
 - 23 Took money from bank Sh. 35,000 for office use
 - 25 Withdrew money from bank Sh. 5,000 and used it to pay child's hospital bill
 - 28 Received cash sh. 17,100 from Julius after he deducted a cash discount of 5%.
 - 30 Deposited all the money into bank except Sh. 25,000

Prepare a Three-column cash- book, duly balanced (10 marks)
3. (a) Explain **five** negative effects of inflation in an economy (10 marks)
- (b) A team of sales persons have just arrived at Milele Secondary School to promote the text books of a given publisher. Explain **five** steps that they will follow when conducting product promotion. (10mks)
4. (a) Explain **five** challenges that Kenya as an economy may be experiencing during the implementation of her development plans (10 marks)
- (b) Differentiate between oligopoly market structure and monopoly. (10 marks)
5. (a) Explain **five** money transfer services that are offered by commercial banks in the Kenyan economy. (10 marks)

(b) Explain *five* new trends and emerging issues in the insurance sector in Kenya today.

(10 marks)

6. (a) Explain *four* disadvantages of protectionism to a country.

(8 marks)

(b) The following trial balance was extracted from the books of Rafiki Traders for the year ended 31/12/2019

Rafiki Traders	
Trial Balance	
As at 31 st Dec. 2019	
Dr (shs)	Cr (shs)
Capital	270,000
Drawings	30,000
Opening stock	50,000
Purchases	255,000
Sales	400,000
Returns	4,000
Carriage inwards	28,000
Carriage outwards	8,000
Discount	12,000
Insurance	25,000
Commission	3,000
Rent	18,000
Furniture	50,000

Land	155,000	
Premises	110,000	
Debtors	40,000	
Creditors	<u> </u>	s <u>70,000</u>
	<u>770,000</u>	<u>770,000</u>

Closing stock was valued at sh. 58,000

Required,

- i. Prepare a Trading and Profit and Loss account for the year ended 31st Dec.2019 (10mks)
- ii. Calculate the following ratios.
 - a. Mark up (1mk)
 - b. Rate of stock turnover (1mk)

for more free revision material visit www.freekcsepastpapers.com & www.freekcpastpapers.com