

NAME..... CLASS.....ADM. NO.....

SIGNATURE.....

BUSINESS STUDIES

PAPER 2

565/2

TIME: 2 ½ HOURS

SUKELLEMO PREMOCK TERM1

FORM 4

Instructions to candidates:

- a) Write your name, class, admission number and name of your teacher in the spaces provided
- b) Answer Only 5 questions in the foolscaps provided.
- c). This paper consist of 3 printed sheets

QUESTIONS	MARKS
1	
2	
3	
4	
5	
6	
TOTAL	

1. (a) Explain five factors that may promote entrepreneurship in Kenya. (10 marks)

(b) Highlight **five** reasons why a firm may be located near the market for its products. (10 marks)

2. (a) On 1st September 2018. Kwale traders had the following balances.

Cash sh. 55 000

Bank sh. 250.000(CR)

During the month, the following transactions took place

September	2 nd	cash sales banked sh. 535,260
	3 rd	Bought ribbons in cash sh. 4,500
	8 th	Paid Nyongesa, a creditor sh. 94,000 by cheque in full settlement of his account after deducting 6% cash discount.
	12 th	Received a cheque for sh. 58,800 from Winnie after allowing her cash discount of sh. 1,200
	14 th	Purchased goods worth sh. 10,000 on credit from Thika Traders.
	15 th	Paid salaries sh. 34.000 in cash.
	25 th	Withdrew sh. 50,000 from bank for office use.
	28 th	Anyango, a debtor. Paid her account of sh. 75,000 by cheque less 10% cash discount.
	30 th	Deposited all the cash into the bank except sh. 13,700

Required: Prepare a **three** column cashbook as at 30th September, 2018. (10 marks)

(b) Explain five factors to consider when choosing office equipment. (10marks)

3. a) Explain five measures that the government of Kenya has put in place to protect consumers from unscrupulous business practices. (10mks)

(b) Describe **five** types of unemployment to an economy and give cause of each. (10marks)

4. (a) Explain **five** channels of distribution that a trader may use to import goods. (10mks)

- (b) Explain five factors that influence the choice of an appropriate means of transport (10mks)
5. (a) Using a well labelled diagrams, distinguish between movement along the supply curve and a shift in the supply curve. (10mks)
- (b) Explain five services offered by wholesalers to the retailers. (10mks)
6. (a) Explain five factors that makes a firm acquire monopoly power. (10mks)
- (b) The following information relates to Kabarnet Traders.

Details	Sh
Stock 1 st January 2017	430,000
Purchases	930,000
Sales	1,155,000
Carriage outwards	25,000
Carriage inwards	10,000
Return outwards	20,000
Return inwards	30,000
General expenses	100,000
Insurance	25,000
Rent received	15,000
Stock 31 st December 2017	470,000

Calculate

- (i) Turnover (1 mark)
- (ii) Rate of stock turnover (3 marks)
- (iii) Mark up (2 marks)
- (iv) Margin (2 marks)
- (v) Net profit (2 marks)