Name………………………………… ADM NO………………… CLASS…………….

Candidate’s Signature …………………………Date …………………………………

ASUMBI GIRLS HIGH SCHOOL

 PRE-MOCK

MAY-JUNE

2022

KENYA CERTIFICATE OF SECONDARY EDUCATION

565/2

**BUSINESS STUDIES**

PAPER 2

TIME: 2HOURS 30 MINUTES

**INSTRUCTIONS TO CANDIDATES**

* This paper consist of **six** questions
* Answer any **FIVE** questions
* All questions carry equal marks
* Write your answers in the booklet provided

 **FOR EXAMINER’S USE ONLY**

|  |  |
| --- | --- |
| **Question** | **Candidates score** |
| 1 |  |
| 2 |  |
| 3 |  |
| 4 |  |
| 5 |  |
| 6 |  |
| **TOTAL SCORE** |  |

 1 .a) Explain **Five** factors that management of a business should consider before buying an

 office machine. (10Marks)

b) Outline **five** differences between a public corporation and a private limited company. (10 Marks)

2. a) Explain Five reasons why a country may experience balance of payments disequilibrium . (10Marks)

b) The following information was obtained from the books of Powermax Stores for the month of June 2015.Post the information to the relevant ledger accounts and balance them off. (10Marks)

 June 1 : Balance in Cash shs. 60,000 , Bank shs 220,000 , Debtors shs 95,000 and

 Creditors shs 80,000

 June 5 : Received a cheque of shs. 75,000 from debtors.

 June 10 : Drew a cheque of shs 59,000 in respect of creditors.

 June 15 : Obtained a loan from KCB shs 130,000 ,money was deposited directly

 to the account.

 June 24 : Bought land for shs 217,000 ,paying shs 200,000 by cheque and the rest

 In cash.

 June 28 : Paid creditors in cash shs 1,000.

 June 30 : Deposited all cash into the bank except shs 4,000.

3. a) State and explain **Five** guidelines that governs a good tax system. (10Marks)

b) The type of advertising largely depends on the objectives to be achieved. Explain **Five** types of advertising. (10Marks)

 4 a) Highlight **Five** ways in which the Kenyan government may increase the amount of

 money in circulation. (10Marks)

 b) Discuss **Five** factors that determine the amount of premiums charged in a life

 Assurance cover. (10 Marks)

5 a) Explain **Five** factors that hinders entrepreneurial practices in Kenya today.

 (10Marks)

 b) With a well labeled diagram, explain the effect of an increase in demand on the equilibrium price and quantity. (10 marks)

6. a) Outline **Four** reasons why mobile phones (cell phones) have become a popular means of communication . (8 marks)

b) The following Trial balance was extracted from the books of Mwakio Traders on 31st

 Dec 2005.

 **Mwakio Traders**

**Trial Balance**

**As at 31st December 2005**

|  |  |  |
| --- | --- | --- |
| Name of Account | Dr (Shs) |  Cr (Shs) |
|  Purchases and Sales Carriage outwards  Stock (1/1/2005) Fixed Assets Debtors and Creditors Salaries Bank overdraft Returns Cash in hand General expenses Capital  |  70,000 4,000 12,500 82,000 10,500 16,800  1,500 2,500 5,200  205,000   | 95,0008,50010,30012,40088,800205,000 |

Additional information:

Closing stock was valued at shs 6,500.

Prepare : i) Trading, profit and loss Account for the year ending 31st Dec 2005. (8Marks)

 ii) Balance sheet. (4Marks)