**SUNRISE ONE TERM 1 EXAMINATION 2023**

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

**Name……………………………………………………Adm No….………… Class………**

**School ……………………………………Candidates Sign………….**

**Date………………….**

**TERM 1 2023**

**565 / 2**

**BUSINESS STUDIES PAPER TWO**

**Form 4**

**April 2023**

**Time: 2 Hours**

**INSTRUCTIONS TO THE CANDIDATES**

* Answer ***any five* questions.**
* Write your answer in the answer booklet provided.
* **All** questions carry equal marks.

**For Examiner’s Use Only:-**

|  |  |
| --- | --- |
| **Question** | **Marks** |
| 1 |  |
| 2 |  |
| 3 |  |
| 4 |  |
| 5 |  |
| 6 |  |
| **TOTAL MARKS** |  |

***This paper consist of Six questions answer only FIVE Questions.***

1. (a) Explain **FIVE** importance of a business plan to an entrepreneur. (10mks)

(b) Explain **FIVE** sources of monopoly power. (10mks)

1. (a) Explain **FIVE** measures to undertake in order to increase efficiency of warehouse. (10mks)

(b) Explain **five** limitations of barter trade that led to the evolution of money. (10mks)

(10mks)

1. (a) Explain **FIVE** reasons why Omwami would choose to start as sole proprietorship other

than joining a Public Limited Company. (10mks)

(b) Optimist Investment operates a wholesale business and the following information relates to various transactions during the month of Jan, 2023.

Jan 3 sold goods on credit to Anyimba sh 60,000

8 purchased goods on credit from Mjuaji stores sh 120,000

12 returned goods bought on credit from Mjuaji stores sh 6,000

16 purchased goods on credit from Mjuaji stores sh 160, 000

22 sold goods on credit to Mafala retailers sh 150,000

23 bought a new motor vehicle from Mashariki motors worth sh 3,200,000 on credit

24 Anyimba returned goods worth sh 10,000 to the business

29 sold equipment worth sh 840,000 on credit to Chap Chap limited.

Record these transactions into Optimist investment books of original entry. (10mks)

1. (a) Explain five advantages of using direct taxes to collect revenue in a country. (10mks)

(b) Explain five importance of filing documents in an organization. (10mks)

1. (a) Explain **FIVE** reasons for the existence of small firms despite competition from large scale firms

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

1. a) Explain **FIVE** ways in which the government may positively influence that attract business activities to a given area. (10mks)

b). The following trial balance was extracted from books of A bass stockists as at 31st December 2015. (10mks)

|  |  |  |
| --- | --- | --- |
| Details | Dr shs | Cr shs |
| Opening stock | 30,000 |  |
| Purchases | 275,000 |  |
| Sales |  | 390,000 |
| Debtors | 47,000 |  |
| Commission received |  | 36,000 |
| Returns inwards | 10,000 |  |
| Returns outwards |  | 6,000 |
| Carriage inwards | 16,000 |  |
| Carriage outwards | 8,000 |  |
| Advertising | 3,000 |  |
| Salaries | 19,000 |  |
| Rates | 12,000 |  |
| Premises | 450,000 |  |
| Machinery | 180,000 |  |
| Loan |  | 210,000 |
| Insurance | 20,000 |  |
| Discounts | 5,000 | 7,000 |
| Drawings | 25,000 |  |
| Cash | 40,000 |  |
| Bank | 250,000 |  |
| Creditors |  | 52,000 |
| Capital |  | 689,000 |
|  | 1,390,000 | 1,390,000 |

Additional information;

Closing stock – shs. 50,000

Required: Prepare Abass stockist trading profit and loss account for the period ended 31/12/2015