**Name……………………………………………………Index No……………………..**

**School…………………………………………………..Candidate’s signature………**

**Date…………………………..**

**565 /2**

**BUSINESS STUDIES**

**PAPER 2**

**TIME: 2½ Hours**

PAVEMENT FORM 4 TRIAL 1 EXAMINATION 2021/2022

Kenya certificate of secondary education (K.C.S.E)

**Instructions to candidate**

* Write your name and index number in the spaces provided above.
* Sign and write the date of the examinations in spaces provided above.
* Answer all questions.

1. (a) Discuss ***five*** demerits of government involvement in business activities.  **(10 marks)**

(b) Outline **five** features of co-operatives Societies. **(10 marks)**

1. (a) Explain **five** types of unemployment found in Kenya today **(10 marks)**

(b) On 1st October 2013, Nyati Traders Had shs.10 000 and shs.40 000 at the bank. During the

Month, the following transactions took place.

|  |  |
| --- | --- |
| Oct 2 | Bought goods worth shs3,100 by cheque |
| 3 | Paid motor expenses shs.6000 in cash |
| 6 | Sold goods worth 8200 cash |
| 10 | paid a creditor shs.9500 by cheque after deducting a 5% cash discount |
| 12 | Received a commission of shs.580 directly into the bank account. |
| 14 | Shelby, a debtor, settled her account of shs.30,000 by cheque less a 2.5% cash discount |
| 15 | The bank deducted shs. 850 from the business account for services rendered |
| 19 | The owner took shs.1500 by cheque for personal use |
| 23 | Paid Maboko traders shs.39,200 by cheque in full settlement of their account less 3% cash discount |
| 24 | Withdrew shs.15,000 from bank for business use |
| 26 | Received shs.8,200 cash from a debtor in full settlement of a debt of shs.8,500 |
| 30 | Took all the cash to the bank leaving only shs.1800 in the cash till |

***Required:***

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

1. (a) Discuss ***five*** measures the government can undertake to promote entrepreneurship practices in Kenya. **(10 marks)**

(b) Discuss **six** reasons why many Kenyans are increasingly shopping in supermarkets. **(12marks)**

1. (a) Outline ***five*** factors that may cause a producer to reduce his output to the market

(**10 marks)**

(b) Explain ***five*** circumstances under which a credit note can be issued. **(10 marks)**

1. (a)Discuss ***five*** insurance policies a person can take to cover employee related risks.**(10 marks)**

(b) Explain ***fiv***e essentials of effective communication **(10 marks)**

1. Explain five ways that the Government as an external environment factor can influence

Business Activities **(10 marks)**

(b) The following is the trial balance of O.J as at 31-12-2011

|  |  |  |
| --- | --- | --- |
|  | DR | CR |
| Purchases and Sales | 700,000 | 1,600,000 |
| Returns | 30,000 | 40,000 |
| Discounts | 50,000 | 35,000 |
| Capital |  | 862,000 |
| Commission | 39,000 | 25,000 |
| Carriage inwards | 28,000 |  |
| Carriage outwards | 135,000 |  |
| Debtors and creditors | 400,000 | 300,000 |
| salaries | 220,000 |  |
| Bank | 266,000 |  |
| Cash | 94,000 |  |
| Buildings | 600,000 |  |
| Equipment | 200,000 |  |
| Stock Jan. 1 | 100,000 |  |
|  | 2,862,000 | 2,862,000 |

***Additional information***

Stock Dec. 31 was valued at shs.94, 000

***Required***

1. Prepare Trading and Profit and Loss Account
2. Balance sheet as at 31-12-2011