

Name..... Adm.

No.....

Stream.....

Candidate's Signature.....

Date:.....

565/2

Business Studies

Paper 2

OCT/NOVEMBER

Time: 2 ½ Hours



MANGU HIGH SCHOOL TRIAL 2 MOCK 2021

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

Business Studies

Paper 2

OCT/NOVEMBER

Time: 2 ½ Hours

FOR EXAMINERS' USE ONLY

Answer **ANY FIVE** questions. All questions carry equal marks.

<u>Questions</u>	<u>a</u>	<u>B</u>	<u>Totals</u>
<u>1</u>			

<u>2</u>			
<u>3</u>			
<u>4</u>			
<u>5</u>			
<u>6</u>			

1. a) Explain **five** methods used by central bank to increase money supply in the economy. (10mks)

- i).....
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- ii).....
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- iii).....
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- iv).....
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- v).....
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b) Explain **five** principles of insurance. (10mks)

- i).....
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- ii).....
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- iii).....
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- iv).....
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- v).....
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2. a) Explain **five** negative effects of inflation. (10mks)

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- ii).....
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- iii).....
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- iv).....
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- v).....
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b) The following trial balance was extracted from the books of Carson Traders on 31 December 2005 after preparing the trading account.

	Dr	Cr

Capital		130,000
Drawings	27,000	
Debtors and creditors	25,350	22, 500
Stock 31 Dec. 2005	25,000	
Wages and salaries	31,650	
Gross Profit		58,920
Discount	3,540	3,300
Advertising	3,130	
Bad debts	1,100	
General expenses	5,100	
Rates	2,750	
Cash in land	800	
Cash at bank	3,300	
Motor vehicles at cost	11,000	
Premises.	<u>75, 000</u>	<u> </u>
	<u>214,720</u>	<u>214 720</u>

The following additional information is provided.

- (a) Wages due shs. 5,400
- (b) Rates paid in advance shs 650
- (c) Motor vehicles to be depreciated 20% on cost.

You are required to prepare

- (i) Profit and loss account for the year ended 31 Dec. 2005 (6mks)
- (ii) Balance sheets as at 31st Dec. 2005 (4mks)

[illegible]

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3 a) Discuss any **five** documents used in recording transactions in books of original entry

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ii).....
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iii).....
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iv).....
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v).....

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b) Discuss five factors that may influence entrepreneurial practices positively in the country. (10mks)

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ii).....
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iii).....
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iv).....
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v).....
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4 a) Explain **five** benefits of matatu reforms in transport sector. (10mks)

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iii).....
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iv).....
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v).....

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b) Using a well labeled diagram, explain shift in demand and supply curve respectively

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- ii).....
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- iii).....
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- iv).....
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- v).....
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5 a) Muema is planning to construct a warehouse for renting. Explain **five** measures that he may take to ensure its smooth operation. (10 Marks)

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- ii).....
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- iii).....
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- iv).....
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- v).....
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b) Outline **five** measures that the Kenya government may take to reduce unemployment. (10 Marks)

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ii).....
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iii).....
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iv).....
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v).....
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6 a) Explain **five** methods used to distribute imported manufactured goods. (10mks)

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ii).....
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iii).....
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iv).....
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v).....

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b) The following transactions relates to Konate Traders for the month of December 2010.

- Dec 1st Started a business with sh. 200,000 in the Bank account.
- 2nd Bought furniture for sh, 50,000 and paid by cheque
- 3rd Sold goods on credit to Tila shs, 20,000; Katu 10,000
- 4th Bought goods on credit from Kahama sh 30,000; Kanga shs. 40,000
- 5th Returned faulty goods to Kahama sh 5,000
- 6th Paid Kahama on account by cheque less 10% cash discount.
- 7th Received faulty goods from Katu shs. 2000
- 8th Received payment due from Tila and Katu by cheque less 5% cash discount.
- 9th Cash sales shs. 100,000
- 10th Paid for wages shs. 20,000 by cash and electricity shs.10,000 by cheque.
- 11th Deposited all the cash in hand into the bank account.

Required:

Prepare a three column cash book duly balanced (10mks)