



MANGU HIGH SCHOOL

565/2

Name ----- Adm. No -----

Candidate's signature ----- Date----- Class -----

**Kenya Certificate of Secondary Education Mock examinations
565/2**

BUSINESS STUDIES

Paper 2

MOCK EXAMS - 2022

Time: 2 ½ hours

Instructions to Candidates

- ❖ This paper consists of **SIX** questions. Answer **ANY FIVE** questions.
- ❖ All questions carry **equal** marks
- ❖ Answers should be written in the booklet provided
- ❖ This paper consists of **4** printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and no questions are missing

For examiner's use only

Q1	A		Q4	A	
	B			B	
Q2	A		Q5	A	
	B			B	
Q3	A		Q6	A	
	B			B	
			Total Marks		

1. a) Outline **five** measures that an office can take to safeguard the organization's property. (10 marks)
- b) Describe **five** ways through which commercial banks differ from non-bank financial institutions. (10 marks)

2. a) Highlight **five** advantages of government involvement in business. (10 marks)
- b) The following transactions relates to the Ebenezer furniture Ltd. for the month of August 2015.

- August 2:** Invoice received for Matu traders values at shs 60,000
- " **3:** Credit note received from Matu traders valued shs 15,000
- " **5:** Receipt issued to Jomo Academy worth shs 25,000
- " **8:** Invoice issued to Malaika Restaurant shs 80,000
- " **10:** Credit sales of furniture worth shs 16,000 to Miugiza Hotels Ltd.
- " **13:** Paid Matu shs 8,000 by cheque less 10% cash discount.
- " **16:** Purchased furniture on credit valued a t shs 7,000 from Mwendwa furniture stores.
- " **29 :** Sold an old business van valued at shs 400,000 to Maitima Holdings on credit.

Required: Record the above transactions in the relevant *subsidiary books*. (10 marks)

3. a) Explain **five** reasons why choice is important in the satisfaction of human wants. (10 marks)
- b) Explain **five** factors that may lead to the shift of demand curve from right to left (10 marks)
4. a) Explain **four** circumstances that would lead to a firm being located near the market for its products. (8 marks)

- b) The following trial balance was extracted from the books of Wikaro Enterprises as at 31st December 2015.

Details	Dr. (shs)	Cr (shs)
Purchases and sales	1,200,000	1,740,000
Stock 31/12/2014	180,000	
Debtors and creditors	195,000	120,000
Discounts	75,000	96,000
Returns	60,000	150,000
Machinery	600,000	
Commissions	48,000	42,000
Buildings	1,620,000	
Carriage outwards	24,000	
Cash in hand	210,000	
Insurance	90,000	
Capital		2,454,000
Furniture	300,000	
	<u>4,602,000</u>	<u>4,602,000</u>

Stock on 31.12.2015 was valued at shs 210,000

Required: Prepare

- i) Trading, profit and loss account for the year ended 31st December 2015. (7½marks)
- ii) A balance sheet as at 31st December 2015. (4½ marks)

5. a) The Kenyan government has constructed a new standard Gauge Railway (SGR) line. Explain five benefits that will accrue to Kenyan economy from this railway line. (10 marks)
- b) Kamau imported a probox car from Dubai. Illustrate five channels that he could have used to import the car. (10 marks)

6. a) Explain five sources of government revenue for development expenditure. (10 marks)
- b) On June 2015, Mungai Traders had cash in hand shs 87,000 and cash at bank shs 250,000.

During the month the following transactions took place:

- June 2nd; Sold goods for shs 60,000 cash.
- 3rd; Paid stationery shs 101,500 by cheque.
- 7th; Purchased a computer by cheque shs 86,000
- 13th; Received cheque of shs 76,000 from Otieno, after allowing him a cash discount of 5%
- 17th; Settled Kigwadi's account with shs 34,200 in cash, having deducted shs 800 cash discount.
- 19th; Deposited shs 1,000 into the business bank account from personal savings.
- 22nd; Received a cheque for shs 165,000 in respect of cash sales.
- 24th; Withdrew shs 4000 cash for personal use.
- 26th; Withdrew shs 32,000 from bank for office use.
- 29th; Received shs 17000 cash from Kipruto in settlement of his account less shs 1000 cash discount.
- 31st; Deposited all the money from the cash till into the bank except shs 24,000.

Required: Prepare a duly balanced *three column cash book*. (10mks)