**NAME………………………………..………… ADM NO:……………………..……….**

**DATE: ……………………………………….. CANDIDATE’S SIGNATURE ………...…..……**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**MARCH/APRIL 2024**

**TIME: 2 ½ HOURS**

**LANJET PRE MOCK JOINT EXAMINATION - 2024**

**Kenya Certificate of Secondary Education (KCSE)**

**565/2**

**Business Studies**

**Paper 2**

**TIME: 2 ½ Hours**

**INSTRUCTIONS TO CANDIDATES**

**Instructions To The Candidate**

* This paper consists of **six** questions.
* Answer any **five** questions in this paper
* Answers should be written in the foolscaps provided
* Clearly indicate the question number on the foolscaps
* Ensure you write your class and admission number.
* All questions carry equal marks.

**For Examiners Use Only**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTION** | **1** | **2** | **3** | **4** | **5** | **6** | **TOTAL** |
| **MARKS** |  |  |  |  |  |  |  |

***This paper consists of 3 printed pages. Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing.***

1. a) Explain five indicators of a high population growth. (10mks)

b) Explain the factors that can hinder effective communication. (10mks)

2 a) Menengai Manufacturers who have been producing product X stopped its production and instead embarked on the production of another product. Explain five factors that may have led to this decision. (10mks)

b) Situma intends to invest money he has acquired from a bank in form of loan into a retail business. Explain five factors that he should considered before implementing his decisions. (10mks)

3. a) Describe five channels that can be used to distribute locally manufactured goods. (8mks)

b) The following trial balance was extracted from the books of Rafiki Traders for the year ended 31/12/2019.

Rafiki Traders

Trial Balance

As at 31st Dec 2019

Dr (sh) Cr (sh)

Capital 270,000

Drawings 30,000

Opening stock 50,000

Purchases 255,000

Sales 400,000

Returns 4,000 7,000

Carriage inwards 28,000

Carriage outwards 8,000

Discount 12,000 5,000

Insurance 25,000

Commission 3,000

Rent 18,000

Furniture 50,000

Land 155,000

Premises 110,000

Debtors 40, 0000

Creditors 70,000

770,000 770,000

Closing stock was valued at shs. 58,000.

Required ;

i) Prepare a trading and profit and losses a/c for the year ended 31st Dec, 2019. (10mks)

ii) Calculate ;

a) Mark up (1mk)

b) Rate of stock turn over. (1mk)

4. a) On 1st January 2018 Mambo Traders had sh 90,000 cash in hand and a bank credit balance of 124,000. During the month, the following transactions took place.

2018

Jan 2 Cash sale sh 189,000

“ 4 A debtor settled his account of sh 7,000 by cheque less 5% cash discount.

“ 12 Paid salaries sh 50,000 in cash.

“ 16 Settled a creditors account of sh 86,000 by cheque less 2% cash discount.

“ 23 Deposited sh 120,000 into bank from office cash.

“ 26 Cash sales banked directly shs 350,000.

“ 27 A cheque received on 4th January from a debtor was dishonoured.

“ 31 Banked all cash except sh 40,000.

Prepare a three column cash book dully balanced. (10mks)

b) With the aid of a diagram, explain how equilibrium price and quantity are established in a free market.(10mks)

5a) Safaricom ltd intends to prepare its products by encouraging a price-winning competition through the media. Prices can be won through buying of products. Explain five benefits that that the company would get by using this method of sales promotion. (10mks)

5. b) Discuss four functions of money. (10mks)

6. a) Explain five ways in which inflation may be found to be useful in an economy. (10mks)

6 b). Explain five activities that may be carried out in the process of distribution of goods. (10mks)