Name…… ADM NO…… CLASS……

Candidate's Signature ……Date ……

GOLDLITE EXAMINATIONS
FORM 4 JUNE 2022 PRE-MOCKS

KENYA CERTIFICATE OF SECONDARY EDUCATION

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2HOURS 30 MINUTES

INSTRUCTIONS TO CANDIDATES

- This paper consist of **six** questions
- Answer any **FIVE** questions
- All questions carry equal marks
- Write your answers in the booklet provided

FOR EXAMINER'S USE ONLY

Question	**Candidates score**
1	
2	
3	
4	
5	
6	
TOTAL SCORE	

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1 .a) Explain **Five** factors that management of a business should consider before buying an

office machine. (10Marks)

b) Outline **five** differences between a public corporation and a private limited company. (10 Marks)

2. a) Explain Five reasons why a country may experience balance of payments disequilibrium . (10Marks)

b) The following information was obtained from the books of Powermax Stores for the month of June 2015.Post the information to the relevant ledger accounts and balance them off. (10Marks)

June 1 : Balance in Cash shs. 60,000 , Bank shs 220,000 , Debtors shs 95,000 and

Creditors shs 80,000

June 5 : Received a cheque of shs. 75,000 from debtors.

June 10 : Drew a cheque of shs 59,000 in respect of creditors.

June 15 : Obtained a loan from KCB shs 130,000 ,money was deposited directly

to the account.

June 24 : Bought land for shs 217,000 ,paying shs 200,000 by cheque and the rest

In cash.

June 28 : Paid creditors in cash shs 1,000.

June 30 : Deposited all cash into the bank except shs 4,000.

3. a) State and explain **Five** guidelines that governs a good tax system. (10Marks)

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b) The type of advertising largely depends on the objectives to be achieved. Explain **Five** types of advertising. (10Marks)

4 a) Highlight **Five** ways in which the Kenyan government may increase the amount of

money in circulation. (10Marks)

b) Discuss **Five** factors that determine the amount of premiums charged in a life

Assurance cover. (10 Marks)

5 a) Explain **Five** factors that hinders entrepreneurial practices in Kenya today.

(10Marks)

b) With a well labeled diagram, explain the effect of an increase in demand on the equilibrium price and quantity.
(10 marks)

6. a) Outline **Four** reasons why mobile phones (cell phones) have become a popular means of communication .
(8 marks)

b) The following Trial balance was extracted from the books of Mwakio Traders on 31st

Dec 2005.

Mwakio Traders

Trial Balance

As at 31st December 2005

Name of Account	Dr (Shs)	Cr (Shs)

Purchases and Sales	70,000 4,000	95,000
Carriage outwards	12,500 82,000	
Stock (1/1/2005)	10,500 16,800	8,500
Fixed Assets		10,300
Debtors and Creditors	1,500 2,500	12,400
Salaries	5,200	
Bank overdraft	<u>205,000</u>	<u>88,800</u> <u>205,000</u>
Returns		
Cash in hand		
General expenses		
Capital		

Additional information:

Closing stock was valued at shs 6,500.

Prepare : i) Trading, profit and loss Account for the year ending 31st Dec 2005. (8Marks)

ii) Balance sheet. (4Marks)

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