



FORM FOUR TRIAL 2, 2019
Kenya Certificate of Secondary Education

565/2 BUSINESS STUDIES

PAPER TWO

TIME: 2½HRS

INSTRUCTIONS

1. Answer any **FIVE** questions in the foolscaps provided

1. a) Outline any five differences between private limited liability company and public limited liability company.
(10mks)
- b) Describe five accounting documents used in home trade.
(10mks)
2. a) The table below shows the demand and supply schedules for product A in a week.

Price(sh)	Quantity demanded (‘000’ tonnes)	Quantity supplied (‘000’ tonnes)
35	5	80
30	10	65
25	20	55
20	25	40
15	30	35
10	40	20
5	55	5

Use the information in the table above, draw the demand and supply curve showing the market equilibrium for the produce.

(10mk)

b) Explain five benefits that a firm may enjoy by preparing a business plan. (10mks)

3. a) Traders are required to observe ethical practices when carrying out product promotion. Explain five reasons for observing such ethical practices

(10mks)

b) Explain five benefits that may be realized by a country as a result of government policy to relocate Industries to rural areas.

(10mks)

4. a) Outline any five factors to consider while locating a ware house.

(10mks)

b) On 1st September 2015, Miriam had sh 55,000 in hand and sh. 250,000 in bank. During the month the following transactions took place.

Sep 2: Cash sales banked sh 35,260

Sep 3: Bought ribbons in cash sh 4,500

Sep 8: Paid Wangila, a creditor sh 94,000 by cheque in full settlement of his account after deduction 6% cash discount.

Sep 12: Received a cheque for sh 58,800 from Wetu after allowing her cash discount of sh 1,200

Sep 15: Paid salaries of sh 34,000 in cash

Sep 25: Withdrew sh 50,000 from bank for office use.

Sep 28: Anyango a debtor paid her account of sh 75,000 by cheque less 10% cash

discount.

Sept 30: Deposited all the cash into the bank except sh 13,700

Prepare a three column cash book and balance it off.

(10mks)

5. a) Explain any five uses of National Income Statistics

(10mks)

b) The following trial balance related to Tai Traders as at 31st December 2014

TAI TRADERS
TRIAL BALANCE
AS AT 31ST DECEMBER 2014

Details	Dr (Ksh)	Cr(Ksh)
Stock	10,000	
Bank	3,500	
Purchases	15,000	
Sales		28,000
Returns	800	1,100
Rent		580
Insurance	950	
Creditor		450
Carriage in	1,200	
Discounts	300	1,620
	31,750	31,750

Additional information

- Closing stock was valued at Ksh 2,500
- Carriage out was Ksh 1,200

Required: Prepare trading profit and loss account.

(10mks)

6. a) Explain any five reasons why one would prefer to transport goods on road than rail.

(10mks)

- b) On 1st January 1993 Makena started a business with sh 120,000 cash and sh 300,000 in the bank.

The following transactions were done in the month of January 1993.

- January 3: Bought goods worth sh 60,000 by cheque
 January 10: Sold goods worth sh 35,000 cash
 January 14: Bought goods worth sh 90,000 cash from Odera
 January 18: Paid wages sh 18,000 by cash
 January 20: Withdrew sh 40,000 from bank for office use.

Required;

Record the above transactions in the relevant ledger account, balance them off and extract a trial balance.

(10mks)