NAME………………………………………….... CLASS…………. INDEX NO……………………. ADM. NO.………..….SIGNATURE……..………… DATE………………

565/2

BUSINESS STUDIES

FORM FOUR TERM ONE

**MOKASA 1 EXAMINATION**

KENYA CERTIFICATE OF SECONDARY EDUCATION

PAPER 2

**TIME: 2 HOURS 30MINS**

**Instructions**: Attempt **five** questions only

1. (a) Explain ***five*** ways in which the internal Business environment may positively influence Business activities. (10 marks)

(b) Explain ***five*** types of direct taxes. (10 marks)

1. (a) Explain ***five*** ways in which Entrepreneurs can maintain a healthy Business environment. (10mks)

(b) On 1st June 2019, Kipchoge Enterprises had cash in hand Sh. 87,000 and cash at bank Sh. 250,000. During the month, the following transactions took place

June 2 Cash sales Sh. 50,000

3 Paid salaries Sh. 101,500 by cheque

6 Received a cheque for Sh 76,800 from Jelimo after allowing her a cash discount of 4%

10 Bought Office machine by cheque Sh. 85,000

14 Settled Kiplagat’s account of sh. 40,000 in cash, having deducted sh. 1,200 cash

discount.

18 Received a cheque of Sh. 150,000 in respect to cash sales

20 Bought stock on credit Sh. 75,000 from Rongo Wholesalers

21 Paid for wages in cash Sh 25,000

23 Took money from bank Sh. 35,000 for office use

25 Withdrew money from bank Sh. 5,000 and used it to pay child’s hospital bill

28 Received cash sh. 17,100 from Julius after he deducted a cash discount of 5%.

30 Deposited all the money into bank except Sh. 25,000

Prepare a Three-column cash- book, duly balanced (10 marks)

1. (a) Explain ***five*** negative effects of inflation in an economy (10 marks)

(b) A team of sales persons have just arrived at Milele Secondary School to promote the text books of a given publisher. Explain ***five*** steps that they will follow when conducting product promotion.

(10mks)

1. (a) Explain ***five*** challenges that Kenya as an economy may be experiencing during the implementation of her development plans (10 marks)

(b) Differentiate between oligopoly market structure and monopoly. (10 marks)

1. (a) Explain ***five*** money transfer services that are offered by commercial banks in the Kenyan economy. (10 marks)

(b) Explain ***five*** new trends and emerging issues in the insurance sector in Kenya today. (10 marks)

1. (a) Explain ***four*** disadvantages of protectionism to a country. (8 marks)

(b) The following trial balance was extracted from the books of RafikiTraders for the year ended 31/12/2019

Rafiki Traders

Trial Balance

As at 31st Dec. 2019

Dr (shs) Cr (shs)

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 40,000

Creditors s 70,000

770,000 770,000

Closing stock was valued at sh. 58,000

Required,

1. Prepare a Trading and Profit and Loss account for the year ended 31st Dec.2019 (10mks)
2. Calculate the following ratios.
3. Mark up (1mk)
4. Rate of stock turnover (1mk)