

NAME..... ADMISSION NO. ....

CLASS .....SIGNATURE:..... DATE:.....

565/2

**BUSINESS STUDIES**

**PAPER 2**

**June 2022**

**TIME: 2 ½ HOURS.**

## SUKELEMO PRE- MOCK EXAM 2022

*Kenya Certificate of Secondary Education (K.C.S.E)*

### INSTRUCTIONS TO CANDIDATES

- (a) Write your name and admission number.
- (b) Sign and write the date of the examination.
- (c) This paper consists of **six** questions.
- (d) Answer **any five** questions.
- (e) Candidates should answer questions in English.

Question	Maximum score	Candidate's score
	20	
	20	
	20	
	20	
	20	

*Total Score*

## QUESTIONS

1.
  - a). Explain five factors that may promote entrepreneurship in Kenya. (10mks)
  - b). Country X has been experiencing low national income. Explain five possible reasons that may have contributed to this situation. (10mks)
  
2.
  - a). Explain five circumstances under which goods may be transported by use of container. (10mks)
  - b).
  
3.
  - a). Explain five challenges that may be experienced by a country whose population is made up of large proportion of young people.
  - b). Explain five limitations of using a trial balance as a proof that book keeping has been carried out without errors.
  
4.
  - a). Explain five reasons for government involvement in business activities.
  - b). The following Trial Balance was extracted from the books of Mwangi Traders on 31<sup>st</sup> December, 2005.

**Mwangi Traders**  
**Trial Balance**  
**As at 31<sup>st</sup> December, 2005**

	<u><b>Dr (sh).</b></u>	<u><b>Cr (sh)</b></u>
Purchases	70,000	
Carriage Outwards	4,000	
Stock 1/1/2005	12,500	
Sales		95,000
Fixed Assets	82,000	
Creditors		8,500
Debtors	10,500	
Salaries	14,000	
Bank Overdraft		7,500
Returns	1,500	
Cash In Hand	2,500	
General expenses	5,200	
Capital		88,800
	202,200	202,200

**Additional Information**

- i). Closing stock was valued sh 6,500
- ii). Salary outstanding was sh 2,800

**Prepare the following**

- i). Trading profit and loss account for the period ended 31<sup>st</sup> December, 2005. (6mks)
  - ii). Balance sheet as at 31<sup>st</sup> December, 2005. (4mks)
- 5.
- a). Outline five circumstances under which an insured person may not be compensated in the event of loss. (10mks)
  - b). Explain five non-tax internal sources of revenue to the government. (10mks)
- 6.
- a). Explain five roles of commercial banks in the development of a country's economy.
  - b). Explain five differences between private limited companies and public limited companies.

**MARKING SCHEME**  
**BUSINESS STUDIES PAPER 2**  
**SUKELEMO JUNE, 2022**

**1. Explain five factors that may promote entrepreneurship. (10marks)**

- Availability of finances which supports the growth / expansion / operation of the business.
- Availability of security that ensures safety of business property.
- Availability of market / demand where people can sell goods/services to satisfy their needs.
- Good infrastructure / roads that facilitate movement of goods to the market.
- Political stability that creates a conducive environment for starting / running a business.
- Healthy / fair competition that the owner of the business can cope with / withstand.
- Favourable government policies / government support that may encourage starting / expansion of business venture.
- Presence of role models / successful business people that inspires the youths to go into business.
- Development of positive entrepreneurial culture through early exposure to business activities / that values individuals who are successful entrepreneurs.
- Relevant education / training in the curriculum which prepares the youths to become entrepreneurs.
- Good governance that ensures accountability / transparency in conduct of business activities.
- Availability of appropriate technology that can lead to production of desired quality /quantity of goods – Need for independence / self-reliance through earning of income.

**2. State five differences between private limited companies and public limited companies. (10 marks)**

<b>Private Ltd Co.</b>	<b>Public Ltd Co.</b>
i) Formed by a minimum of 2 and a maximum of 50 shareholders	i) Formed by a minimum of 7 shareholders with no set maximum
ii) Restricts transfer of shares	ii) Shares are freely transferable
iii) Do not invite subscription for shares and	iii) Invites subscription for shares and

debentures from members of public	debentures from members of public
iv) Can be managed by one director	iv) Managed by board of directors
v) Start business after receiving certificate of registration/ incorporation	v) Start business after receiving certificate of trading
Vi) Audited financial statements need not be published and filed with the registered of companies	vi) Audited financial statements must be published and filed with register of companies

3. On 1<sup>st</sup> 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)

### THREE COLUMN CASH BOOK

Date	Details	L.F	Discount Allowed	Cash	Bank	Date	Details	L.F	Discount Received	Cash	Bank
<b>2015</b>						<b>2015</b>					
Sep 1	Balance	b/d		55,000	250,000	Sep 3	Ribbons			4,500	
Sep 2	Sales				35,260	Sep 8	Wangila		6,000		94,000
Sep 12	Wetu		1,200		58,800	Sep 15				34,000	
Sep 25	Bank	C		50,000		Sep 25	Cash	C			50,000
Sep 28	Anyango		7,500		67,500	Sep 30	Bank			52,800	
Sep 30	Cash	C			52,800		Balance	C/d		13,700	320,360
			<b>8,700</b>	<b>105,000</b>	<b>464,360</b>					<b>105,000</b>	<b>464,360</b>
	Balance	b/d		<b>13,700</b>	<b>320,360</b>						

