

NAME ----- INDE NO -----

BUSIENSS STUDIES

CANDIDATES SIGNATURE-----

565/2

ADM NO -----

PAPER 2

DATE -----

SUNSHINE SECONDARY SCHOOL

PRE-MOCK 1 – 2017

FORM 4 TERM ONE

BUSINESS STUDIES

PAPER 2

2 ½ HOURS

INSTRUCTIONS TO CANDIDATES

- i) This paper consist of 6 questions
- ii) Answer any 5 questions
- iii) Write in the answer booklet provided
- iv) All questions carry equal marks
- v) This paper consist of 3 printed pages
- vi) Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing.

For examiners use only

Question	1	2	3	4	5	6
Scores						

GRAND TOTAL

1. a) Explain five differences between a co-operative and partnership forms of business. (10mks)

b) Discuss any five competitive practices which are commonly noticed in an oligopoly market. (10mks)

2. a) Sunshine Ltd Co. has a cash balance of 140,000 and a bank overdraft of 15,300 on May 1: 2011. During the month, the following transactions took place

May 2: Cash sales of 87,000, money received by cheques

May 5: A debtor settled his account of 98,000 by cheque less 2% trade discount

May 7: Deposited Ksh 10,000 from cash box into bank account

May 10: Paid wages 40,000 by cheque

May 12: Settled Mazembe traders account of 54,000 in cash less 10% cash discount

May 15: Received a cheque of Ksh10,000 from Juma stores after deducting 1500 cash discount

May 27: A cheque delivered on May 10th was dishonoured

May 30: Withdrew all cash from the bank account for business use except 27,740

Required: Prepare a three column cash book for Sunshine Ltd Co and balance it off.

b) Explain any five advantages of operating a current account with commercial banks. (10mks)

3. a) Explain five barriers to written communication. (10mks)

b) Explain five uses of a balance sheet. (10mks)

4. a) Discuss five possible principles of public expenditure. (10mks)

b) In the table below, write the appropriate tasks that will be performed by the following office machines.

Office machine	Functions
i) paper shredder	
ii) composite machine	
iii) franking machine	
iv) accounting machine	
v) facsimile (fax machine)	

5. a) Explain five differences between ordinary shares and preference shares. (10mks)

Ordinary shares	Preference shares
i)	i)
ii)	ii)
iii)	iii)
iv)	iv)
v)	v)

b) The following transactions took place in the business of Irungu and sons Ltd in the month of December 2016.

Dec. 1: Started the business with capital in cash of sh150,000

Dec. 2: Opened a bank account and deposited 30,000

Dec. 3: Bought buildings by cash shs.60,000

Dec. 4: Borrowed a loan in cash Shs.20,000

Dec.5: Bought stationery by cheque shs.6000

Dec.6: Repaid part of the loan by cheques shs.10,000

Required: Record these transactions in ledger accounts and balance them off.

6. a) A table below shows the demand and supply schedule of rice in Mwea Market.

Price of rice in Kshs.	Quantity demanded in kg	Quantity supplied in kg
50	160	20
100	140	40
150	120	60
200	100	80
250	80	100
300	60	120
350	40	140
400	20	160

Using the information above and appropriate scale to draw demand and supply curves on one diagram. Label equilibrium price (PE) equilibrium quantity (QE) and Equilibrium point (E) (10mks)

b) Explain any five reasons why the use of cell-phones has become so popular in product promotion today. (10mks)