

Name Class..... Admno.....

Name of Teacher



565/2

BUSINESS STUDIES

PAPER 2

TIME 2 ½ HRS

ALLIANCE HIGH SCHOOL

TRIAL 2017

BUSINESS STUDIES

INSTRUCTIONS:

1. *This paper consists of 3 printed pages*
2. *English language should be used*
3. *Answer Only five question from this paper.*
4. *All questions carry equal marks.*

Question	1		2		3		4		5		6	
Marks	a	b	a	b	a	b	a	b	a	b	a	b

TOTAL

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- 1 (a) Explain **five** reasons why the government should create an enabling environment to investors. (10mks)
- (b) Describe **five** differences between insurance and assurance. (10mks)

- 2 (a) Explain **five** ways in which government expenditure may stabilize the economy of a country (10mks)
- (b) Explain **five** circumstances under which one would decide to start a personal business (10mks)

- 3 (a). Explain **five** negative effects of inflation on the economy of a country. (10mks)
- (b) Explain **five** ways of making face to face communication effective (10mks)

- 4 (a) Explain the reasons why firms with popular products find it necessary to continually advertise the same products. (10mks)
- (b) Explain **five** disadvantages that a country may experience from imposing trade restrictions on trading partners. (10 mks)

- 5 (a) Explain **five** strategies that a small – scale firm could adopt to expand so as to enjoy economies of scale. (10mks)
- (b) Explain **five** disadvantages of using bank overdraft as a source of finances. (10mks)

- 6 (a) One of the major objectives of the Kenyan government is to solve unemployment problem in the country. Explain **five** possible ways it can use to achieve this. (10mks)

(b) On 1st June 2017, Kwetu Traders had cash in hand shs. 87,000 and cash at Bank sh. 60,000(CR) and stock shs. 90,000

During the month, the following transactions took place:

- June 2: Cash sales sh. 50,000 issued a receipt No. 063
- “ 3: Paid salaries and wages shs. 101,500 payment voucher No. 083
- “ 6: Received a cheque for shs. 76,800 from Kemunto, after allowing her cash discount of 4%. Receipt No. 064
- “9: an old motor vehicle valued at sh.350,00 was exchanged with a machine valued at sh. 280,000 and the balance was settled in cash.
- “12: Settled Omwambi's account of shs. 40,000 in cash having deducted sh.800 cash discount. Receipt No. 0656.
- “18: Withdrew shs. 30,000 from bank for office use.
- “20 Received shs. 19,950 from Kahawa by cheque after allowing 5% cash discount. Receipt no. 065
- “21: Received shs. 16,500 cash from Mwikali in settlement of her account less sh. 600 cash discount. Receipt No. 066.
- “22: Bought office furniture by cheque shs. 85,000. Receipt No. 734
- “23: Withdrew sh. 5000 cash for private use.
- “26: an old computer with a book value of sh. 70,000 was sold for sh. 60,000 and payment made by cheque
- “28: Paid wages sh. 24,000 in cash receipt No. 801
- “29. Settled Halima a creditor of sh. 18,000 by cheque after deducting a 1% cash discount. Receipt n.056
- “30: Received a cheque for shs. 150,000 in respect to cash sales. Receipt No. 067.

Required:

- (i) A cash receipt journal (3mks)
- (ii) A cash payment journal. (3mks)
- (iii) A general journal (4mks)

