Name……………………………………………Index number……………………………………………

BUSINESS STUDIES Candidate’s signature … ……………………….....

Form four 2019 Date……………………………………………………..

565/2

Paper 2

July/August

**Instructions to candidates:**

1. Write your name and index number in spaces provided above.
2. Sign and write the date of the examination in the spaces provided above.
3. This paper consists of six questions.
4. All questions carry marks.
5. Candidates should answer the questions in English.

For examiner’s use only

|  |  |  |
| --- | --- | --- |
| Question | Maximum  score | Candidate’s  Score |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
|  | Total score |  |

1. (a) Explain five factors that one would consider when evaluating a business opportunity. (10 Marks)

(b) There has been a decline in demand for leather jackets, explain **five** factors that may have caused this. (10 Marks)

2. (a) Explain five barriers to effective communication. (10 Marks)

(b) Discuss four disadvantages of localisation of industries. (10 Marks)

3. (a) Explain five measures that the government of Kenya may use to curb unemployment. (10 Marks)

(b) Explain five reasons why two traders may join their business to form a partnership. (10 Marks)

4 (a) Explain five reasons for filing documents in an office. (10 Marks)

(b) On 1st January 2016 jumbo traders had shs 123,500 in cash and shs 225,000 at bank. During the month the following transactions took place.

2nd January: Made cash sales of sh 427,500

5th January: Received a cheque for shs 456,000 from Njogu traders in full settlement of their debt after allowing a 5% cash discount.

15th January: Paid Muhoro traders shs 192,000 in cash after deducting a cash discount of shs 18,000.

20th January: Deposited shs 200,000 from the cash till into the bank.

25th January: Paid in cash shs 100,000 electricity and shs 44,000 for water.

27th January: Settled Kogi’s account of shs 250,000 by cheque less 4.5% cash discount

30th January: Withdrew shs 150,000 from the bank for private use

31st January: Deposited all the cash into the bank except shs 2,100

Prepare a duly balanced three column cash book. (10 Marks)

5. (a) Explain five legislations which the Kenyan government has put in place to protect consumers. (10 Marks)

(b) Explain five benefits that a country may get from liberalizing foreign trade. (10 Marks)

6. (a) Outline five principles of good tax system. (10 Marks)

(b)The following trial balance was prepared by Meja traders on 31st December 2016

|  |  |  |
| --- | --- | --- |
| Particulars | Dr(shs) | Cr(shs) |
| Premises | 540,000 |  |
| Machinery | 200,000 |  |
| Furniture | 100,000 |  |
| Gross profit |  | 220,000 |
| Carriage outwards | 8,000 |  |
| Salaries | 30,000 |  |
| Discounts | 25,000 | 32,000 |
| Rent | 16,000 |  |
| Commission |  | 14,000 |
| Cash in hand | 70,000 |  |
| Stock | 70,000 |  |
| Capital |  | 818,000 |
| Debtor | 65,000 |  |
| Creditor |  | 40,000 |
|  | 1,124,000 | 1,124,000 |

Using the information given above, prepare

1. A profit and loss account (5 Marks)
2. A balance sheet (5 Marks)