MASENO SCHOOL

Name: …………………………………..……….. **Index Number**: ……………………

Candidate's Signature: ……………..……………………..**Date**: ………………………….

THE MASENO SCHOOL MOCK EXAMINATIONS

BUSINESS STUDIES
PAPER 2
565/2
DECEMBER 2020
2 ½ Hours

INSTRUCTIONS TO CANDIDATES
- *This paper consists of six questions*
- *Answer any **FIVE** questions*
- *Answers should be written on the spaces provided after question six*
- *All questions carry equal marks*
- *This paper consists of 14 printed pages*
- *Candidates should check the question paper to ascertain that all pages are printed as indicated and that no questions are missing*
- *Candidates should answer the questions in English*

Question	1	2	3	4	5	6
Marks						

This paper consists of 14 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing.

1 a) Explain leakages and injections that affect flow of National Income in the
      economy.   (12mks)

   b) Explain any four emerging issues in communication in Kenya today.
                                                                        (8mks)

2. a)   The following balances were extracted from the books of Hosea traders as at
        24th June 2020

Items	Balances
Creditors	50,000
Bank	140,000
Cash	85,000
Debtors	15,000

        The following transactions took place in the last week of June 2020

        25/06/2020 -   Purchased stock of ksh.20,000 and paid ksh 12.000 cash and
                            the rest to be paid later

        27/06/2020 -   Sold stock worth kshs.10,000 on credit

        30/06/2020 -   A debtor paid kshs.5,000 by a cheque

        Prepare Hosea's ledger accounts balance them off and extract his trial balance as
        at 30/06/2020.   (10mks)

    b)   Explain five forms of Economic Integration   (10mks)

3.   a)   Explain five factors that hinder Economic Development in African
             Countries   (10mks)

        b)   Explain FIVE ways in which a business enterprise can practice a healthy
              production environment   (10mks)

4. a) Explain five policies that the Government can adopt to promote entrepreneurship in the country.   (5mks)

    b) The following information relates to Mawira retailers for the month of January 2020

Invoice received

Jan 6	Mandela ltd	shs. 70,000
Jan 12	Odhaiambo tenders	shs.150,000
Jan 18	Jua Kali enterprise	shs. 50,000

Invoice issued

Jan 5	Jambini traders	sh.10,000
Jan 10	Fedha ltd	sh.100,000
Jan 15	Kalu works ltd	sh 120,000

Credit note issued

Jan 5	Jambini traders	sh.12,000
Jan 13	Fadhili ltd	sh.6,000

Credit note received

Jan 7	Mandela ltd	sh.5,000
Jan 14	Odhiambo traders	sh.1,000

Additional Information

Jan 8   Sold machine on credit to Kwetu traders sh.50,000, the machine's book value was kshs.70,000 two years earlier.

Jan 9   Bought equipment on credit from lowland retailers sh.8,000

Required :

Record the above transactions in the appropriate daily books   (10mks)

5. a) Explain five differences between Joint Stock companies and Public Corporation forms of business units   (10mks)

    b) i) With aid of a diagram, show how equilibrium price and quantity are affected when supply increases followed by a proportionate increase in demand   (6mks)

        ii) Giving examples, explain the meaning of;   (4mks)

        a) Derived Demand
        b) Composite demand

6)   a)   Explain Five factors that a manager needs to consider when selecting office equipment   (10mks)

b)   The following trial balance was extracted from the books of Enocka traders as at 31/12/2019

Item	Dr.	Cr
Opening stock	30,000	
Purchases/sales	275,000	390,000
Debtors	47,000	
Commission		36,000
Returns	10,000	6,000
Carriage inwards	16,000	
Bad debts	3,000	
Wages	20,000	
Rates	12,000	
Buildings	450,000	
Furniture	180,000	
Bank overdraft		210,000
Insurance	19,000	
Discounts	5,000	7,000
Drawings	25,000	
Creditors		52,000
Cash at bank	250,000	
Cash at hand	40,000	
Capital		689,000

Additional information
1. Closing stock shs.50,000
2. Carriage outwards sh.8,000

Required:
i)   Prepare Enocka traders trading, profit and loss account for the period ended 31/12/2019   (6mks)

ii)   Balance sheet as at 31/12/2019   (4mks)

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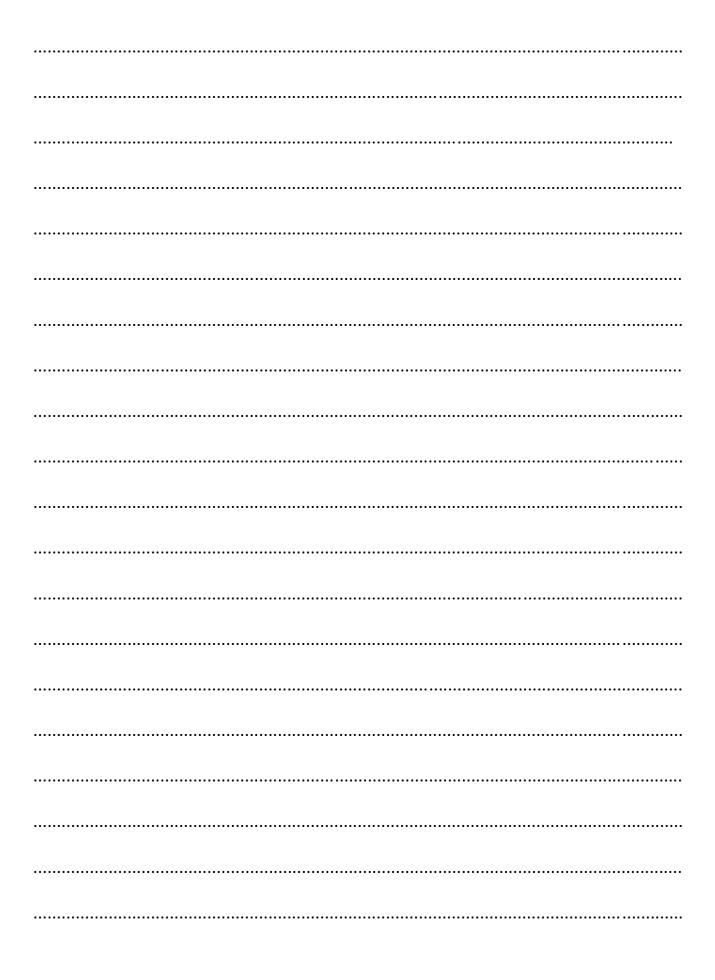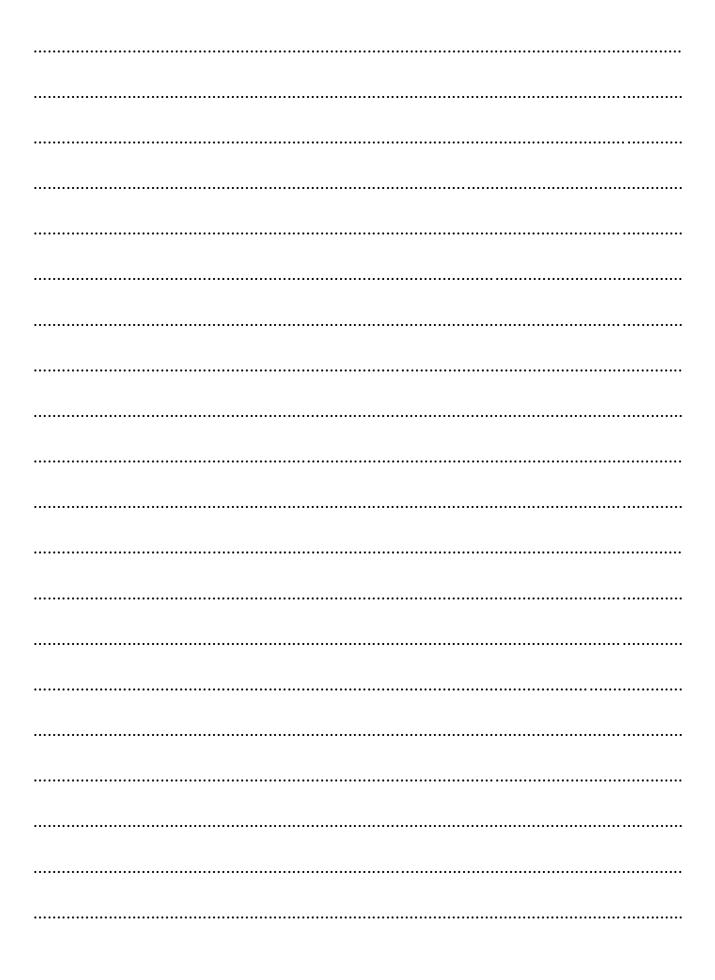..

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