

# THE ELITES JET



**565/2**

**BUSINESS STUDIES**

**Paper 2**

**PRE-MOCK**

**March 2025 – Time: 2 hours**

Name ..... Adm No..... Class.....

School..... Date..... Sign.....

## Instructions to candidates

- a) Write your name , Admission Number and class in the spaces provided above.
- b) Write your school, date of examination and sign in the spaces provided above.
- c) This paper consists of six questions.
- d) Answer any **five** questions in the spaces provided after question six.
- e) All questions carry equal marks.
- f) Non-programmable silent electronic calculators may be used.
- g) This paper consists of **16** printed pages.
- h) Candidates should check the question paper to ascertain that all pages are printed as indicated and that no questions are missing.
- i) Candidates should answer the questions in English.

## For Examiner's Use Only

Question	Maximum Score	Candidates Score
	20	
	20	
	20	
	20	
	20	
	20	
Total Score		

1. (a) Explain **five** reasons why the government is encouraging entrepreneurship in the country  
(10 marks)
- (b) Explain **five** factors which may contribute to lower levels of national income in a country.  
(10 marks)
2. (a) Explain **five** internal environmental factors that may hinder the success of a business.  
(10 marks)
- (b) Explain **five** reasons why a producer may sell his goods directly to the consumer. (10 marks)
3. (a) Explain **five** features of a good filing system. (10 marks)
- (b) On May 1<sup>st</sup> 2020, Bahati Traders had Kshs. 100,000 and Kshs. 500,000 cash in hand and cash at bank respectively. During the month, the following transactions took place;  
May 2020
  - 2 Cash sales banked Kshs. 70,520
  - 5 bought furniture in cash for Kshs. 9000.
  - 10 Paid Kamau, a creditor Kshs. 188,000 by cheque in full settlement of his account after deducting 6% cash discount.
  - 18 Received a cheque of Kshs. 117,600 from Kapinto after allowing her a cash discount of Kshs. 2,400.
  - 20 withdrew Kshs. 100,000 from the bank for making minor payments in the office.
  - 22 dada, a debtor, settled her account of Kshs. 150,000 by cheque less a 10% cash discount.
  - 28 Deposited all the cash into the business bank account except Kshs. 27,400.**Required:** Prepare a three column cash book and balance it off. (10 marks)
4. (a) Explain five benefits that consumers may enjoy from warehousing. (10 marks)
- (b) Highlight **five** differences between monopoly and perfect competition markets. (10 marks)
5. (a) Describe the procedure followed in personal selling. (10 marks)
- (b) Explain **five** services rendered by commercial banks to their customers. (10 marks)

6. (a) Explain **five** circumstances that may lead to dissolution of company. (10 marks)

(b) The trial balance below was extracted from the books of Elite Traders on 30.6.2024

Elite Traders Trial Balance As at 30.6.2024		
<u>Details</u>	<u>Dr</u>	<u>Cr</u>
Capital		400,000
Purchases	20,000	
Sales		600,000
Debtors	25,000	
Creditors		60,000
Returns	25,000	15,000
Discounts	6,000	8,000
Carriage inwards	6,500	
Salaries	10,000	
Stock (1.7.2023)	18,000	
Commission received		10,000
Advertising	43,500	
Rent	49,000	
Motor Vehicle	400,000	
Furniture	150,000	
Commission	<u>50,000</u>	
	<u>1,093,000</u>	<u>1,093,000</u>

Stock on 30.6.2023 was valued at Kshs. 20,000

**Required:** Prepare a trading, profit and loss year ended 30.6.2023.

(10 marks)



























