

NAME:..... DATE.....

SCHOOL:.....SIGNATURE.....

565/2  
BUSINESS STUDIES  
**FORM IV**  
**PRE-MOCKS**  
2 hours

BUSINESS STUDIES

**INSTRUCTIONS TO CANDIDATES**

*Answer all questions in the spaces provided in the question paper*

Questions	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Marks															

Questions	16	17	18	19	20	21	22	23	24	25
Marks										

1. (a) Describe five factors considered when choosing a means of communication. (10mks)
- (b) Explain five problems associated with the output approach in computation of National income. (10 mks)
2. (a) Describe five principles of public expenditure. (10mks)
- (b) Explain five advantages of open office layout to an organization. (10mks)
3. (a) Highlight five circumstances under which an insurance company would compensate in event of loss. (10 mks)
- (b) Explain five reasons for taxation in an economy (10 mks)
4. (a) Explain four benefits that accrue to a seller who uses personal selling. (8 mks)
- (b) The following information was extracted from the books of Karanja Stores on 31<sup>st</sup> December 2011.

ITEM	Shs.
Stock (1/1/2011)	34000
Furniture	100000
Debtors	12800
Purchases	155000
Cash	10000
Bank	125000
Carriage Inwards	5500
Capital	600800
Sales	243400
Discount received	7500
Salaries	24000
Motor Repair	5000
ICDC loan	340000
Rent received	14000
Carriage outwards	34000
Electricity	6000
Premises	400000
Creditors	14000
Bank overdraft	5200
Stock(31/12/11)	22300
Motor vehicle	352000
Return outwards	12000

Prepare:

i. Trading, profit and loss account for the year ended 31<sup>st</sup> December, 2009

ii. Balance Sheet as at 31<sup>st</sup> December 2011 (12 mks)

(a) Explain five negative effects of over population to a country. (10mks)

(b) Give five differences between private and public limited companies. (10mks)

6. (a) Explain five benefits a consumer who buys goods from a departmental store would enjoy. (10mks)

(b) Jagongo enterprises had the following balances as at 31<sup>st</sup> December 2012:

	Shs.
Stock	15000
Cash at bank	20000
Cash in hand	6500
Debtors	3400
Creditors	2500

The following transactions took place during the first week of January 2013:-

- Jan
- 2: Bought stock by cash Kshs. 2000
  - 3: Sold goods on credit Kshs. 3000
  - 4: Received a cheque of Kshs. 1800 from a debtor.
  - 4: Deposited Kshs. 600 into the bank account from the cash till.
  - 5: A debtor returned goods worth Kshs. 500
  - 5: Sold goods for cash Kshs. 1200
  - 6: Bought goods Kshs. 4500 on credit
  - 6: The owner took cash Kshs, 1000 to pay his child school fees

Required:-Prepare the ledger accounts to record the above transactions.