
KENYA NATIONAL EXAMINATION COUNCIL
REVISION MOCK EXAMS 2016
TOP NATIONAL SCHOOLS

ALLIANCE BOYS HIGH SCHOOL
BUSINESS STUDIES
THEORY
Paper 2
MARKING SCHEME

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ALLIANCE BOYS HIGH SCHOOL KCSE TRIAL AND PRACTICE EXAM 2016

BUSINESS STUDIES PAPER 2

MARKING SCHEME

1. (a) Explain **five** reasons why it is important for a business person to prepare a business plan. (10marks)
- (b) Explain **five** features that differentiate a perfect competition market from a monopoly market structure. (10marks)

2. (a) Explain **five** features that would make a producer to build his own warehouse rather than rely on a public one. (10marks)

- (b) As at 1st July 2008 the cash book of Emori enterprise showed the following balances:
Cash sh.20, 000 and a bank overdraft sh. 8,600.
During the Month the following transactions took place.
3/07/08: Nafula settled her account of sh. 16,000 by cheque of sh. 15,000
6/07/08: Paid rent by cash sh. 8,000
10/07/08: Deposited sh. 6,000 into the business bank account from the cash till
15/07/08: Settled Wakulis account of sh. 20,000 and he allowed a discount of 1% by cheque.
18/07/08: Deposited sh. 28,000 in the bank from private sources.
21/07/08: Cash sales sh. 12,000
24/07/08: Otieno a debtor settled his account by cheque of sh. 8,000 having been allowed a discount of 20%.
26/07/08: Purchased furniture of sh. 5,200 paying by cheque.
28/07/08: Received sh. 3,600 cash from Nduta.
30/07/08: Banked the creditable cash except sh. 1,600.

Required:

- Draw up a three – column cash book. (10marks)

3. (a) Explain **five** challenges that may be experienced by a new entrepreneur who is intending to start a business in Kenya. (10marks)

- (b) Ijara investment operates a whole sale business. The following transactions took place in the Month of May 2010.
May 3: Sold goods on credit to Ayimba sh. 60,000.
May 8: Purchased goods on credit from Mjuaji stores sh. 120,000.
May 12: Returned goods to Mjuaji stores worth sh. 6,000.
May 16: Purchased goods on credit from Mjuaji stores sh. 160,000.
May 22: Sold on credit to Mafala retailers sh. 150,000.
May 23: Bought a new motor vehicle from Mashariki motors worth sh. 3,200,000.
May 24: Ayimba returned goods worth sh. 10,000.
May 29: Sold equipment worth sh. 840,000 on credit to Chap Limited.

Required:

- Record the above transactions in the relevant books of original entry for Ijara Investments.

(10marks)