**Name ………………………................................................ Index number………………………………**

**School ……………………………………………………. Candidate’s Sign………………………………**

**Date……………………………………………**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**September 2021**

**TIME: 2 ½ HOURS**

**WISDOM PRE-MOCK EXAMINATION 2021**

***Kenya Certificate of Secondary Education (K.C.S.E)***

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**TIME: 2 ½ HOURS**

**INSTRUCTIONS**

1. Write your **NAME, SCHOOL** and **INDEX NUMBER** in the spaces provided.
2. Answer **ANY FIVE** questions provided in the spaces provided.
3. This paper consists of **6 questions**

**FOR EXAMINERS USE ONLY**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Questions** | **1** | **2** | **3** | **4** | **5** | **6** |
| **Mark** |  |  |  |  |  |  |

|  |
| --- |
| **TOTAL** |
|  |

*This paper consists of* ***3 printed pages****. Candidates should check the question paper*

*to ascertain that all pages are printed as indicated and that no questions are missing.*

1. (a) Explain **five** factors that may lead to the success of a business enterprise. (10 marks)

(b) Spain and France are developed countries in Europe. Discuss **five** problems of using

national income statistics to compare the living standards of their citizens. (10 marks)

2. (a) Explain **five** principles that would lead to effective operation of Jubilee insurance company. (10 marks)

(b) Explain **five** attributes of a good money material. (10 marks)

3. (a) Explain **five** differences of a public Limited company and a partnership. (10 marks)

(b) Explain **five** characteristics of economic resources. (10 marks)

4. (a) Describe **five** documents required to register a public limited company. (10 marks)

(b) On 1st June 2018, the following balances were in the books of Semenya Traders.

Cash sh 15,000 Bank CR 40,000

The following transactions occurred during the month.

Date 4 Omenga a debtor settled his account of sh 10,000 by a cheque of sh 8,000.

7 Deposited sh 4,000 into the business Bank account from the cash till

8 Paid rent by cash sh 4,000

14 Cash sales sh 14,000

17 Purchased furniture worth sh 3,000 paying by cheque

18 Settled Maina’s account of sh 10,000 after being allowed a discount of 5% by cash

20 Received sh 6,000 cash from Nyori a debtor.

22 Kemboi a debtor settled his account of sh 4,000 by cheque having been allowed a discount of 2%.

25 Deposited sh 17,000 into the bank from private sources.

30 Banked all the cash.

**Required**

Prepare a three column cash book duly balanced.

5. (a) Kenya Power is a monopoly in Power distribution in Kenya. Explain five sources from which it could have received its power. (10 marks)

(b) Explain **five** features of a good filing system. (10 marks)

6. (a) Advertising in the Newspapers is one way of promoting sales of goods. Highlight five limitations of advertising goods in Newspapers. (10 marks)

(b) The following trial balance relates to Kangogo traders as at 30th June 2018

Particular Dr Cr

Stock 1st July 2017 450,000

Purchases 800,000

Sales 1,200,000

Carriage Outwards 10,000

Carriage Inwards 5,000

Returns 30,000 20,000

Sundry Expenses 100,000

Transport 20,000

Stock 30th June 2018 550,000

Capital 745,000

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1,965,000 1,965,000

**Required:**

Calculate;

(i) Rate of stock turnover (3 marks)

(ii) Rate of return on capital (2 marks)

(iii) Markup (2 marks)

(iv) Turnover (1 mark)

(v) Margin (2 marks)