

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

Stream

Date

Candidate's Signature.....

MOMALICHE 3 JOINT EXAM
Kenya Certificate of secondary Education (KCSE)

565/2
BUSINESS STUDIES
PAPER 2
August 2021
2 HOURS.

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **SIX** questions
2. Answer any **FIVE** questions.
3. Write your answers in the answer booklet provided.
4. All questions carry equal marks.

For examiners use only

Question	Maximum score	Candidate's score
	20	
	20	
	20	
	20	
	20	
Total		

1. a) Explain five features of a perfect market structure. (10mks)
- b) Explain five factors a firm will consider in choosing a method of product promotion (10mks)
2. Explain five differences between
- a) a public corporation and a public limited company . (10mks)
- b) On 1st August 2014, Jadelo traders had shs 20,000 cash and a bank overdraft of shs 30,000. During the month , the following transaction took place.
- 2nd – additional investment of sh 50,000 cash into the business banked immediately.
- 3rd- cash sales amounting to sh 70,000
- 6th – bought stationery in cash sh 2000
- 10th – paid wangeci a creditor sh 65800 by cheque after deducting 6% cash discount.
- 13th paid salary in cash sh 4500
- 18th – a debtor mark, settled his debt of sh 80,000 by cheque less 10% cash discount.
- 23rd – with drew sh 20,000 from bank for official use.
- 25th – made cash purchases of shs 10,000
- 28th – withdrew sh 18,000 from bank for hospital bill.
- 30th – deposited cash 20,000 into his bank account.
- Prepare a three column cash book . (10mks)
3. a) Explain five internal economies of scale a firm enjoys by expanding its operations. . (10mks)
- b) Outline five implications of a youthful population. (10mks)
4. a) Explain five benefits of division of labour to an organization. (10mks)
- b) Explain five steps followed in making insurance claim . (10mks)

5. a) Explain five public utilities provided by a county government . (10mks)

b) The balances below were extracted from the books of Kanjoni traders on 14th June - 2020

Motor van	320,000
Stock	180,000
Cash	20,000
Bank	104,000
Capital	544,000
Creditors	80,000

During the first week of June 2020, the following transactions took place

June 2- Kanjori: traders introduced additional funds in the bank account shs 76,000.

3rd – purchased a motor van from cmc motors worth 400.000 on credit

5th – paid creditors shs 12,000 cash

6th- sold goods on credit to Anita shs 50,000.

7th – Bought office equipment shs 10,000 by cheque.

Prepare the balance sheet as at 7th June. (10mks)

6. a) Explain five barriers to effective communication in an organization. (10mks)

b) The following trail balance relates to Litein general stores for the year ending 31st Dec 2013.

	Dr	Cr
Rent expenses	46000	
General expenses	120,000	
Telephone expenses	48,000	
Purchases /sales	2,60 0,000	4,000,000
Salaries	360,000	
Discount		36,000
Returns	40,000	
Motor vehicle	500,000	

Debtors	300,000
Land	2,000,000
Cash	12,000

Capital		1950,000
Drawings	80,000	
Creditors		240,000

Additional information

Stock as at 31st Dec 2015 was 100,000

Prepare

i) Trading, profit & loss a/c

(6mks)

ii) Calculate:

a) Margin

b) Current rate

c) Return on capital

(4mks)