565/2
BUSINESS STUDIES
PAPER 2
MARCH/APRIL, 2019
TIME: 2 ½ HOURS

MOKASA JOINT EXAMINATIONS

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

MOKASA 1 2019

565/2
Business Studies
Paper 2

Instructions for candidates:

- *This paper consists of **six** questions*
- *Answer any **five** questions.*
- *Write your answers in the answer booklet provided.*
- *All questions carry equal marks.*
- *Candidates should check the questions paper to ascertain that all pages are printed as indicated and that no questions are missing.*

For Examiners Use Only

	1	2	3	4	5	6
a)						
b)						

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1. a) Explain **five** ways in which division of labour is useful to a firm. (10 marks)

b) Explain **five** negative effects of a youthful population in a country (10 marks)

2. a) Explain **four** insurance policies you would advise a hospital chief executive officer to insure against. (8 marks)

b) The following balances were extracted from the books of Abade Traders for the year ended 31/12/2016.

Item	Kshs.
Discount received	9,500
General expenses	97,000
Rent	48,000
Lighting	6,300
Motor vehicle	2,100,000
Gross profit	326,000
Salaries	75,000
Commission received	12,470
Cash	50,000
Debtors	278,000
Discount allowed	4,600
Water	9,200
Stock	95,000
Furniture and Equipment	600,000
Bank	200,000
Capital	3,200,000
Creditors	14,330

Required; Prepare

(i) Profit and loss account for the year ended 31/12/2016 (6 marks)

(ii) Balance sheet as at 31/12/2016 (4 marks)

(iii) Calculate (a) Working capital (1 mark)

(b) Capital employed (1 mark)

3. a) Explain **five** reasons why consumers need protection against traders malpractices

(10 marks)

b) Explain **five** banking services offered by the Central Bank to the Government

(10 marks)

4. a) Give **five** differences between perfect competition and monopoly market structures.

(10 marks)

b) Explain **five** guidelines county governments need to follow before spending public funds.

(10 marks)

5. a) Explain **five** circumstances under which a customer may prefer to buy goods on credit terms rather than on hire purchase

(10 marks)

b) The following transactions took place in the business of Mokaya enterprise in the month of July 2017

July 1: Started business with sh. 150,000 in bank and ksh, 30,000 in cash

July 3: Purchased goods valued at sh. 34,000 from Kioko on credit

July 8: Paid rent sh. 13,000 by cheque

July 10: Purchased office equipment valued at Ksh. 45,000 from Daima stores and paid by cheque.

July 12: Sold goods in cash Ksh. 15,000

July 15: Paid Chemtai Ksh. 24,000 by cheque

Required: Use the above information to;

(i) Prepare the relevant ledger accounts and balance them off as at 15th July 2017

(6 marks)

(ii) Extract a trial balance (4 marks)

6. a) Explain **five** benefits that may be realized by a country as a result of government policy to relocate industries to rural areas.

(10 marks)

b) On 1st of April 2018, Machofi Traders had the following balances:

- Bank 15,000(Cr)
- Cash 25,000(Dr)

The following transactions took place during the month of April 2018.

April:

3rd: Paid wages in cash sh. 15,000

5th: Bought goods worth sh. 750

6th: Received cheques from the following debtors after allowing a 2% discount in each case. Rioki sh. 980, Kombo sh. 1,960

8th: Chebe paid a cheque for sh. 1,000

11th: Bought machinery by cheque for sh. 5,000

13th: Cash sales paid directly to the Bank sh. 4,000

15th: Withdrew cash sh. 1,000 for private use

20th: Cash sales sh. 20,000

21st: Banked cash amount sh. 1,000

24th: A cheque recorded from Chebe on 8th of April was dishonoured

27th: Received sh. 3,000 from Kiko a debtor

30th: Bank all the available cash except sh. 1,000

Prepare Machofi Traders Three column cash book for the month of April, 2018 (10 marks)