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MARANDA HIGH SCHOOL

Kenya Certificate of Secondary Education

MOCK EXAMINATIONS 2021

565/2 BUSINESS STUDIES Paper 2

December 2021 – TIME: 2:30 Hours

Name: ……..…… Adm No: ……

Class: ……Candidate's Signature: …….. Date:…/12/2021.

INSTRUCTION TO CANDIDATES

(a) *Write your **name ,stream** and **admission number***
(b) *This paper consists of **six** questions.*
(c) *Answer any **five** questions of your choice.*
(d) *Candidates should answer the questions in **English.***
(e) *This paper consists of **13** printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing*

For Examiner's use only.

QUESTIONS	Maximum score.	Candidate's score.
	20	
	20	
	20	
	20	
	20	
Total score	100	

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Turn Over

1 a). Explain **five** factors to be considered when setting up an office layout for a business organization. (10 marks)

b). Explain **five** internal economies of scale that may be experienced by the firm. (10 marks)

2 a). Explain **five** factors that county government Siaya may consider before incurring any expenditure. (10 marks)

b). Explain **five** business considerations an entrepreneur has to evaluate before accepting a chance for investment. (10 marks)

3 a). Explain **five** ways in the economic environment may affect business operation positively. (10 marks)

b). The following trial balance was prepared form the books of Obechi Retailers for the year ended 31st December, 2020.

Obechi Retailers
Trial Balance
As at 31st December, 2020

Details	Debit (Shs.)	Credit (Shs.
Land and building	500,000	
Capital		940,000
Plant and machinery	200,000	
Motor vehicles	300,000	
15 year loan KCB		200,000
Stock	100,000	
Debtors and Creditors	80,000	60,000
Accrued Salary		20,000
Cash at bank	200,000	
Drawings	100,000	
2 year loan Faulu Bank		260,000
TOTALS	**1,480,000**	**1,480,000**

Required

Prepare

i) Balance sheet as at 31st December. 2020. (7 marks)

ii) Determine
a) Working Capital. (1 mark)
b) Capital employed (1 mark)
c) Borrowed capital (1mark)

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4 a). Explain five Errors that a trial balance may not show. (10 marks)

b). Explain **five** benefits that a country derives from transporting oil through pipeline. (10 marks)

5 a). Outline **five** Circumstances under which a company may prefer to use informative advertising (10 marks)

b). On January 1st 2021, Mutiri Traders had cash in hand Shs.74,000 and a credit Bank balance of Shs.500,000.

During the month the following Transactions took place

2021

January	2	Cash Sales Sh.100, 000
January	3	Paid salaries Shs.203,000 by cheque
January	6	Received a cheque of Shs.153, 600 from Mwamba after allowing her a cash discount of 40%
January	16	Settled Romeo's Account of Shs.80, 000 in cash deducting Shs.1,600 cash discount.
January	18	Received a cheque for Shs.300,000 in respect of sales
January	22	Withdrew Shs.60,000 from the bank for office use.
January	25	Took Shs.10,000 cash for his son/s birthday to be celebrated at home.
January	28	Received Shs.33,000 cash from Matoke settlement of his account less Shs.1,320 cash discount.
January	30	Deposited all the money into the bank except Shs.50,000.

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Required:

Prepare a 3 column cashbook duly balanced on 31st January 2021. (10 marks)

6 a). Outline **five** differences between the Central Bank and Commercial Banks. (10 marks)

b). Explain **five** measures used to solve unemployment problems. (10 marks)

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