

Name: ..... Index No: .....

School: ..... Date: ..... Sign:.....

**565/2**  
**BUSINESS STUDIES**  
**Paper 2**  
**DECEMBER – 2021**  
**Time: 2 ½ HOURS**

**SAMIA SUB – COUNTY JOINT EXAMINATIONS**  
*(Kenya Certificate of Secondary Education)*  
**565/2**  
**BUSINESS STUDIES**  
**Paper 2**  
**2 ½ Hours**

**INSTRUCTIONS TO THE CANDIDATES**

1. *This paper contains six (6) questions*
2. *Answer any FIVE questions*
3. *Each question has two sections A & B*
4. *Each question carry 20 marks*
5. *Answer all questions in the space provided after question six*
6. *Answer all questions in English*

**For Examiner's Use Only**

<b>Question no.</b>						<b>Totals marks</b>
(a)						
(b)						
<b>Sub – total</b>						<b>%</b>

1. (a) Outline **five** advantages that a partnership has over a sole proprietorship. (10mks)  
 (b) Explain how **five** external environment factors negatively affect a business.(10mks)
2. (a) Highlight **five** disadvantages of direct tax. (10mks)  
 (b) Kenya does not manufacture mobile phones. Describe **five** channels of distribution that are used to ensure those products reach the Kenyan consumers. (10mks)
3. (a) Discuss any **Five** current trends in communication (10mks)  
 (b) The following balances were extracted from the books of accounts of Fatuma as at 31<sup>st</sup> December 2020.

Sales	100,000
Sales returns	5,000
Purchase returns	2,000
Purchases	190,000
Carriage outwards	2,400
Stock (1/1/2019)	22,000
Rent	8,000
Insurance	6,000
Salaries	3,600
Discount received	2,800

#### **Additional information**

As at 31<sup>st</sup> December 2009, stock was valued at shs. 42,000

#### **Required**

Prepare trading, profit and loss a/c for the year ended 31<sup>st</sup> December 2020 (10mks)

4. (a) Explain any **Five** international trade restriction methods (10mks)  
 (b) With the help of a well labeled diagram, state the effect of the shift of the supply curve to the left when demand is held constant. (10mks)
5. (a) Highlight **Five** factors that influence the level of national income in an economy. (10mks)  
 (b) As at 1<sup>st</sup> June 2019, the books of Ang'eeh showed the following balances:  
 Cash Kshs. 20,000 and bank overdraft amounting to Kshs. 8, 600

- June 3: Nafula, a debtor, settled her account of Kshs. 16,000 by a cheque of kshs.15,000.
- 6: Paid rent by cash ksh. 8,000
- 10: Deposited kshs. 6,000 into the business bank account from the cash till.
- 15: Settled Wanjala's Account of shs. 20,000 and was allowed a discount of 1%
- 18: Deposited kshs. 28,000 in the bank from private resources
- 21: Cash sales kshs. 10,000
- 24: Ojugu, a debtor settled his account of 8,000 by cheque having deducted a 20% discount.
- 26: Purchased furniture of kshs.5,000 paying by cheque
- 28: Received kshs. 36,000 cash from Nabwire

29: The cheque deposited by Nafula on 3<sup>rd</sup> was dishonored

30: Banked all the available cash except kshs.1,600

**Required:** Prepare a duly balanced three column cash book for Ang'ech for the month of June 2019. (10mks)

6. (a) Explain the meaning and the circumstances under which each of the following means of payment may be used ;

- (i) Cash
- (ii) Credit transfer
- (iii) Bank draft
- (iv) Standing order
- (v) Postage stamps

(b) Give five differences between small scale firms and large scale firms (10mks)