



# 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

- Write your **name**, **stream** and **admission number**
- This paper consists of **six** questions.
- Answer any **five** questions of your choice.
- Candidates should answer the questions in **English**.
- 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	
<b>Total score</b>	<b>100</b>	



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 from the books of Obechi Retailers for the year ended 31<sup>st</sup> December, 2020.

Obechi Retailers  
Trial Balance  
As at 31<sup>st</sup> 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
<b>TOTALS</b>	<b>1,480,000</b>	<b>1,480,000</b>

Required

Prepare

- i) Balance sheet as at 31<sup>st</sup> December, 2020. (7 marks)
- ii) Determine
- |                     |          |
|---------------------|----------|
| a) Working Capital. | (1 mark) |
| b) Capital employed | (1 mark) |
| c) Borrowed capital | (1 mark) |



- 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 1<sup>st</sup> 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.

**Required:**

Prepare a 3 column cashbook duly balanced on 31<sup>st</sup> 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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