

NAME..... ADM NO.....

SCHOOL..... CANDIDATES SIGN.....

DATE

565/2

BUSINESS STUDIES PAPER 2

END OF YEAR EXAM 2019

FORM 3

OCTOBER 2019

TIME 2 ½ HRS

END OF TERM (III) EXAMINATION -2019

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

565/2

BUSINESS STUDIES PAPER 2

FORM 3

OCTOBER 2019

INSTRUCTIONS

This paper consists of six questions

Answer any five questions

All questions carry equal marks

Answer all questions in English

FOR EXAMINERS USE ONLY

QUESTION	1a	b	2a	b	3a	b	4a	b	5a	b	6a	b
Marks												

Total

2. a) Describe five documents a trade may need to send to a prospective buyer between the time he receives a local purchase order and the time he issues a receipt.

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b) In the last one decade, a number of countries in the sub-saharan Africa have experienced a sharp decline in the size of them Gross National product Explain five factors that can account for this scenario

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3. a) Explain five factors a trader would consider when selecting a means of transport for his cargo (10 marks)

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- b) Gitonga started business on 1/1/2011 with shs 160,000 cash. During the first week of January, the following transactions took place.

- Jan. 1: Converted personal car worth shs 350,000 for business use.
- 2: Bought stock of goods for shs 10,000 cash
- 3: Got a loan of shs 80000 cash from A>F.C
- 4: Opened a bank account and deposited shs 120000 form the cash till
- 5: Bourght office equipments for shs 15,000 by cheque
- 7: Cleared the A.F.C loan by cheque

Required : Record the above transaction in the relevant ledger accounts and balance them off as at 7/1/2011 (10 mks)

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4. a) Explain five circumstances under which communication may be ineffective (10 marks)

b) The number of unemployed Kenyans is rising up on daily basis. Explain five factor that led to this. (10 marks)

5. a) Explain five considerations that should be made when deciding on the type of office layout to adopt (10 marks)

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- b) Timber and sawdust are two commodities that are related. With the aid of a well labeled diagram. Explain the effects on the equilibrium price and quantity of sawdust when the price of timber increases. (10 mks)

6. a) Explain five reasons why a new business may succeed.

(10 mks)

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Nkubu enterprises had sh 87, 000 in cash and shs 250,000 in the bank on 1/3/2015. The following transactions took place during the month of march 2015

March 2: Cash sales shs 60,000

3: paid salaries shs 10,500 by cheque

7: Received a cheque shs 76,000 from Henry after allowing him a cash discount of 5%

13: Bought office furniture by cheque shs 86,000

17: Settled Nyatika's account of shs 34,200 in cash, having deducted shs 800 cash discount.

20: Received a cheque for shs 165,000 in respect of sales made

22: paid wages shs 25,000 cash

24: Withdrew shs 32,000 from the bank for office use.

25: Withdraw shs 4000 cash for personal use

29: Received shs 17,000 cash from Alvin in settlement of his account less shs 1000 cash discount

31: Deposited all the money into the bank except shs 24,000

Required:

Prepare a three column cash book dully balanced. (10 mks)

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