

MOKASA EXAMINATIONS

565/2-BUSINESS STUDIES-PAPER 2

JUNE / JULY 2021- 2¹/₂ HOURS

Name.....Admission Number.....

Student's Signature.....Date.....

Instructions to candidates;

- Write your name and admission number in the spaces provided above.
- Sign and write the date of examination in the spaces provided above
- This paper consists of **six** questions.
- Answer any **five** questions in the spaces provided after question six.
- All questions carry equal marks.

For Examiners use only.

| Question | Maximum score | Candidate's score |
|----------|---------------|-------------------|
| | 20 | |
| | 20 | |
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| | 20 | |

1. a) Explain five factors to consider when choosing an office equipment. (10 marks)
- b) Explain the causes and remedies of the following types of unemployment. (10 marks)
 - i) Seasonal unemployment
 - ii) Structural unemployment
 - iii) Disguised unemployment
 - iv) Residual unemployment
 - v) Involuntary unemployment
2. a) Explain five importance of insurance to an economy. (10marks)
- b) On 1st march 2019, Ushindi traders had ksh 95,000 in hand and a bank overdraft of ksh 15,000. During the month, the following transactions took place.

March 2: Bought stock in cash ksh 70,000.

March 3: Cash sales banked, ksh 22,000

March 9: Paid Kiprop a creditor ksh, 12,880 by cheque in full settlement of his account after deducting 8% cash discount.

March 11: Paid salaries ksh 14,000 in cash.

March 16: Received a cheque of ksh 40,200 from Sawanda after allowing him a cash discount of ksh 1,800.

March 20: Hanifa, a debtor paid her account of ksh 55,000 by cheque less 10% cash discount.

March 24: Withdraw 26,000 from bank for office use.

March 27: Took ksh 7,000 cash to pay his brother's medical bill.

March 28: Deposited all the cash into bank except ksh 14,200

Required: prepare a three-column cashbook and balance it off. (10 marks)
3. a) Explain five sources of monopoly power. (10 marks)
- b) Explain the difference between partnerships and cooperative societies forms of business units. (10marks)
4. a) Explain five reasons for continued existence of small firms in an economy. (10 marks)
- b) Outline five channels that can be appropriate for the distribution of imported machinery from Germany. (10marks)
5. a) Explain five reasons for government involvement in business. (10 marks)
- b) Explain five documents sent by the buyer to the seller in Home trade. (10marks)
6. a) Businesses are currently employing new product promotional strategies as a way of boosting their sales volumes. Identify and explain four such strategies. (8marks)

- b) The following trial balance relates to the business of Kazi Nzuri Traders for the period ended 31st March 2016.

KAZI NZURI TRADERS
TRIAL BALANCE
AS AT 31ST MARCH 2016

| | Dr | Cr |
|------------------------------------|------------------|------------------|
| | <u>Shs.</u> | <u>Shs.</u> |
| General expenses | 120,000 | |
| Rent expenses | 46,000 | |
| Telephone expenses | 20,000 | |
| Carriage inwards | 28,000 | |
| Salaries | 360,000 | |
| Sales | | 4,000,000 |
| Purchases | 2,400,000 | |
| Discount received | | 36,000 |
| Sales returns | 40,000 | |
| Motor vehicle | 500,000 | |
| Debtors | 300,000 | |
| Stock (1 st April 2015) | 200,000 | |
| Land and buildings | 2,000,000 | |
| Cash at bank | 120,000 | |
| Cash in hand | 12,000 | |
| Capital | | 1,850,000 |
| Drawings | 80,000 | |
| Creditors | | 240,000 |
| | <u>6,226,000</u> | <u>6,226,000</u> |

Additional information

Stock as at 31st March 2016 was valued at ksh. 100,000

Prepare:

- i) A Trading profit and loss (7marks)
ii) A Balance sheet (5marks)