



MARANDA HIGH SCHOOL

Kenya Certificate of Secondary Education
POST-MOCK 1 EXAMINATIONS 2021

565/2

BUSINESS STUDIES

Paper 2

January 2021 – 2 ½ Hours

Name:Adm No:

Class:Candidate's Signature: Date:/1/2021.

Instruction to candidates

- ❖ Write your name and stream in the space provided above.
- ❖ This paper consists of six questions
- ❖ Answer any **five** questions of your choice in the spaces provided.
- ❖ All questions carry equal marks
- ❖ Ensure that you have 12 printed pages.
- ❖ Students should answer the questions in English only.

FOR EXAMINER'S USE ONLY.

Question	Maximum score	Student's score
<u>1</u>	20	
<u>2</u>	20	
<u>3</u>	20	
<u>4</u>	20	
<u>5</u>	20	
<u>6</u>	20	
Total		

Turn over

1. (a) Explain five advantages of office machine. (10mks)
- (b). Explain five circumstances under which a manufacturer may prefer to sell goods directly to the consumer. (10mks)
2. (a) Explain five reasons why trader would prefer to transport good by train instead of road. (10mks)
- (b) Explain five external business environment that may positively affect the operation of the business. (10mks)
3. (a) Explain five functions of wholesalers to the producers. (10mks)
- (b) Explain five features of monopolistic competition. (10mks)
4. (a) Explain five disadvantages of free trade to a country. (10mks)
- (b). Give five differences between whole life and endowment policy. (10mks)
5. (a) Explain five advantages of advertising to the business. (10mks)
- (b) The following trial balance was extracted from the books of Bondo traders as at 31st July 2020

Particulars	Dr	Cr
Land and building	900,000	
Motor vehicles	500,000	
Furniture	15,00	
5 year loan (KCB)		200,000
Debtors	25,000	
Stock	40,000	
4 year loan (Equity)		150,000
Cast at Bank	16,000	
Cash at hand	10,000	
Salary owing		20,000
Creditors		50,000
Capital		1,086,000
	1,506,000	1,506,000

Required

- i. Prepare Balance Sheet as at 31st July 2020 in the order of permanency. (7 mks)
- ii. Using the balance sheet prepared:

Determine

working capital (1 mark)

Capital employed (1 mark)

Borrowed capital (1 mark)

6. (a) Give four difference between private company and public company. (10mks)

- (b) Onyango traders had the following transactions during the month of february 2018

Feb; 4th paid salaries by cash shs. 2,100 voucher no. 2143.

6th paid Magucha by cheque shs. 3,200 receipt no. 0129.

8th paid electricity by cash shs. 1,500 receipt no. 3104.

12th paid Kamau by cheque shs. 7,000. receipt no. 1139.

15th cash purchase of shs. 3,500 by cash receipt no. 13.09.

20th paid wages shs. 2,000 by cash voucher no. 2144.

25th paid Musumba by cheque shs. 1,500 after deducting a cash discount of shs. 50
receipt no. 0130.

Required: prepare relevant journal. (10mks)

This image shows a full page of white paper with horizontal dotted lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting practice. There are no margins, text, or other markings on the paper.

Handwriting practice lines consisting of multiple sets of three horizontal lines (top solid, middle dashed, bottom solid) for letter formation.

Handwriting practice lines consisting of 20 horizontal dotted lines.

