MOKASA EXAMINATION

565/2-BUSINESS STUDIES-PAPER 2

JUNE / JULY 2021 - $2^1/_2$ HOURS

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

Student's Signature………………Date…………………………………………………………

Instructions to candidates;

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

For Examiners use only.

Question	Maximum score	Candidate's score
	20	
	20	
	20	
	20	
	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 Shs.	Cr Shs.
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 (1st 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
	6,226,000	6,226,000

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)