**SUKELLEMO JOINT EXAMINATION TEST 2021**

***KENYA CERTIFICATE OF SECONDARY EDUCATION***

**565/2 -- BUSINESS STUDIES -- PAPER 2**

**DECEMBER – 2021 TIME: 2 ½ HOURS**

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**NAME……………………………………ADMISSION NO……………………………..**

**DATE……………………………………..CANDIDATE SIGNATURE…………………**

**Instructions to candidates.**

*(a) Write your name and admission number.*

*(b) Sign and write the date of the examination.*

*(c )This paper consists of* ***six*** *questions.*

*(d) Answer* ***any five*** *questions.*

*(e) Candidates should answer questions in English.*

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|  |  |  |
| --- | --- | --- |
| Question | *Maximum score* | *Candidate’s*  *score* |
|  | *20* |  |
|  | *20* |  |
|  | *20* |  |
|  | *20* |  |
|  | *20* |  |

|  |
| --- |
|  |

***Total score***

1. (a) Despite their poor performance, the government is still interested in operating public corporations in the country. Explain five reasons for this. (10 marks).

(b) Explain five benefits realized by a country as result of government policy of relocating industries in different parts of the country. (10 marks).

1. (a) Highlight five benefits of business to society. (10 marks)

(b) The following relates to Riss Retailers.

Sales 1, 155, 000

Purchases 930,000

Stock 1/1/2020 430,000

Carriage outwards 25,000

Carriage inwards 10,000

Returns outwards 20,000

Returns inwards 30,000

General expenses 100,000

Insurance 25,000

Stock 31/12/2020 470,000

Calculate:

1. Turnover. (1 mark)
2. Rate of stock turnover. (3marks)
3. Mark up (2 marks)
4. Margin (2 marks
5. Net profit. (2 marks)
6. (a) The figure below represents the population output per-capita of a certain country. Explain five benefits to the country if her total population is found at the part marked B. (10 marks)

Output per

Capita

A B

Optimum population.

(b) Explain five services that wholesalers may offer to retailers. (10 marks)

1. (a) Explain five differences between assurance and insurance. (10 marks)

(b) The following transactions relate to Furaha Traders for the month of July 2021.

July 1: Had the following balances cash in hand 180,000 and bank overdraft 57,500.

2: Sold goods worth 21,800 to Patel by cash.

5: A debtor settled his account of 90,000 by cheque less 2.5% cash discount. .

6: Paid salaries 40,000 in cash.

12: Took cash 3,500 to settle a personal debt.

23: Received a cheque of 8460 from Ngao wholesalers after deducting 10% cash discount.

24: Deposited 10,000 in the business bank account from his private sources.

26: Cash sales directly banked 38,000.

27: The cheque received on 5th from a debtor was dishonoured. The bank charged him 2500.

29: Settled creditors account 6000 by cheque less 3% cash discount.

31: Used all cash available to acquire furniture except 40,000.

Required:

Prepare duly balanced three column cash book for the month of July, 2021. (10 marks)

1. (a) Explain five clauses that must be specified in the Memorandum of Association of a public limited company. (10 marks)

(b) The following table shows the quantity of tomatoes supplied between the month of July and October 2020 in a certain market.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Month | July | August | September | October |
| Quantity supplied (in tonnes) | 2.34 | 4.18 | 4.22 | 6.01 |

Explain what may have caused the above trend. (10 marks)

1. (a) Explain five challenges a business organization may experience by not preparing a business plan. (10 marks)

(b) Most African countries are experiencing slow economic development despite reporting higher economic growth. Explain five possible causes for this trend apart from corruption. (10 marks)