**Name……………………………………….ADM NO…………Class………………………**

**565/2**

**BUSINESS STUDIES**

**Paper 2**

**December, 2021**

**MOMALICHE EXAMINATIONS**

**MOMALICHE 3 CYCLE 8**

**Kenya Certificate of Secondary Education**

**BUSINESS STUDIES**

2 Hours 30 Minutes.

**Instructions to Candidates**

a) This paper consists of **six** questions

b) Answer any **five** questions.

c) Write your answers in the answer booklet provided

d) All questions carry equal marks

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **QUESTION** | 1 | 2 | 3 | 4 | 5 | 6 | **TOTAL** |
| **SCORE** |  |  |  |  |  |  |  |

1. a) Explain five benefits that will accrue to a member of a savings and credit cooperative society (SACCO) (10mks)

 b) Explain five methods being used by the Kenya government to create an enabling environment for investment locally (10mks)

2. a) Explain five benefits that customers are enjoying as a result of the current changes taking place in the banking sector. (10mks)

 b) On 1st October 2013, MAMBO Traders had shs.10, 000 cash and shs.40, 000 at the bank. During the month, the following transactions took place.

Oct 2 Bought goods worth shs3, 100 by cheque

 3 Paid motor expenses shs.6000 in cash

 6 Sold goods worth 8200 cash

 10 Paid a creditor shs.9500 by cheque after deducting a 5% cash discount

 12 Received a commission of shs.580 directly into the bank account.

 14 Shelby, a debtor, settled her account of shs.30, 000 by cheque less a 2.5% cash discount

 15 The bank deducted shs. 850 from the business account for services rendered

 19 The owner took shs.1500 by cheque for personal use

 23 Maboko traders settled their account of shs.39, 200 by cheque less 3% cash discount

 24 Withdrew shs.15, 000 from bank for business use

 26 Received a cheque shs.8, 200 from a debtor in full settlement of a debt of shs.8, 500

 30 Took all the cash to the bank leaving only shs.1800 in the cash till

Required:

Prepare a duly balanced three column cash book (10mks)

3. a) Describe the procedure followed in seeking compensation from the insurance company.

 (10mks)

 b) a) Explain **five** features that differentiate a perfect competitive market from a monopoly market structure. (10mks)

4. a) Despite announcement by the government that the country has achieved 6% economic growth this has not been translated to economic development. Discuss **five** indicators of underdevelopment currently being experienced in Kenya. (10 mks)

 b) Explain **five** principles of an efficient tax system. (10 mks)

5.a) Explain **five** circumstances under which a high population growth may be desirable to a country. (10 mks)

 b) Explain any **five** negative effects of inflation in an economy. (10 mks)

6.a) Explain five benefits that a country derives from transporting oil through pipeline. (10mks)

b) Mama Ntilie shop sells all its goods at a margin of 20 % for the year ended 30th April 2006; The trading activities were as follows;

Purchases Shs. 800,000

Sales Shs 950,000

Net profit 5 % of sales

Closing stock Shs 200,000

**Calculate;**

(i) The gross profit

(ii) The opening stock

(iii) The mark-up percentage

(iv) The net profit. (10mks)