**MOKASA II JOINT EXAMINATION**

Kenya Certificate of Secondary Education

**565/2 - BUSINESS STUDIES – Paper 2**

**July 2018 – 2 hours**

**Name:** …………………………………………………… **Index No.:** ………………………………..

**Candidate’s Signature**: ………………………………... **Date**: ………………………………………

**Instructions to candidates**

1. *This paper consists of* ***six*** *questions.*
2. *Answer any* ***five*** *questions.*
3. *Answers should be written in the spaces provided after question* ***six.***
4. *All questions carry equal marks.*
5. ***This paper consists of 15 printed pages.***
6. ***Students should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.***
7. ***Students should answer the questions in English.***

**For Teacher’s Use Only**

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

1. a) Explain **five** ways in which the government of Kenya can promote entrepreneurial

 development in her economy. (10marks)

b) The diagram below shows supply curves of two producers of maize in different countries. Highlight **five** reasons why producer **P** suppliers more maize than producer **Q** at the same price. (10marks)

 25  **Q P**

 Price 20

 (Usd)

 15

 10

 5

 0 200 300 400 500

Quantity supplied (tons)

1. a) Explain **five** means of written communication. (10marks)

b) Kaptagat traders had the following assets and liabilities on 31st December, 2017

 Sh.

 Creditors 280,000

Equipment’s 1,920,000

Furniture 103,550

Stock 800,000

Debtors 240,500

Bank overdraft 401,950

Cash in hand 291,000

Capital ?

 During the first week of January 2018, the following transactions took place.

 **2018**

 Jan 1. Bought more goods from NCPB on credit for sh. 330,800

 2. Purchased a computer and accessories by cheque sh.50,000

 4. Paid creditors by cheque sh.200,000

 5. Received sh 140,500 by cheque from debtors.

 6. Kaptagat traders put in an extra sh.500,000 into the business, sh.300,000 by

 cheque and sh.200,000 in cash.

7. Kaptagat traders paid the outstanding bank overdraft using the cash from the

 cash till

 **Required.**

 i). Ascertain Kaptagat traders capital as at 1st January, 2018 (4marks)

 ii). Draw up Kaptagat traders Balance sheet as at 7th January 2018 after the above

 transactions have been completed. (6marks)

1. a) Explain **five** differences between a Public limited company and Private limited

 company. (10marks)

b) Explain **five** features of non-bank financial institutions. (10marks)

1. a) The following figure shows a population structure of a developing country in a given

 year.

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|  | 80-above70-7460-6450-5440-44 30-3420-2410-140-4 |  |
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 **MALE AGES FEMALE**

 Explain **four** challenges faced by a country with the above population structure.

 (8marks)

b) Outline **six** benefits Kenya derives from being a member of East African community.

 (12marks)

1. a) Explain **five** factors that may make a firm to locate near the source of its raw materials.

 (10marks)

b) Explain **five** benefits that a county government may derive from preparing a proper

 development plan (10marks)

1. a) Explain **five** challenges faced by a buyer who uses credit cards in making payment for

 goods and services. (10marks)

b) The following balances were extracted from the books of Mutei traders on 31st

 December, 2017.

 **Shs**

Gross profit 800,000

General expenses 180,000

Buildings 1,250,000

Equipment 380,000

Capital 1,400,000

Furniture 117,000

Insurance 48,000

Stock 25,000

Commission income 125,800

Discount allowed 55,000

Discount received 56,200

Bank Overdraft 79,000

Salaries and wages 320,000

Creditors 90,000

Carriage outwards 60,000

Debtors 65,500

Carriage inwards 34,500

Cash 51,000

**Prepare:**

a). Profit and loss account for the period ended 31st December, 2017. (5marks)

b). Balance sheet as at 31st December, 2017. (5marks)