**ASUMBI GIRLS HIGH SCHOOL**

**TERM 2 - DECEMBER 2021**

**FORM 4 – BUSINESS STUDIES PAPER 2**

**565/2**

**BUSINESS STUDIES**

**Paper 2**

**2 Hours 30minutes**

**NAME:…….………….………………..……ADM NO…………….DATE………**

**CLASS:………………….…..SIGNATURE………………………..………**

**Instructions to candidates**

**1.** This paper consists of **six** questions.

2. Answer any **five** questions.

3. Write your answers in the answer booklet provided.

4. All questions carry equal marks.

**Question one**

1. Explain five means of payment that are provided by commercial banks. (10 mks)
2. Explain five reasons why small scale firms continue to exist in an economy dominated by large scale firms. (10 mks)

**Question two**

1. Describe the procedure used in making an insurance claim. (10 mks)
2. Explain five disadvantages that a country may experience from imposing trade restrictions on trading partners. (10 mks)

**Question three**

1. Discuss five factors to consider when choosing an office layout for a firm. (10 mks)
2. Explain fve challenges experienced by a country when using expenditure approach to measure national income. (10 mks)

**Question four**

1. Differentiate between monopoly and monopolistic competition product markets.(10 mks)
2. Explain five ways through which consumers may protect themselves against exploitation by producers and business people. (10 mks)

**Question five**

1. Explain any five circumstances under which a firm may prefer written communication over oral communication. (10 mks)

1. From the trial balance given below, prepare a trading, profit and loss account for the year ended 31st august 2021and a balance sheet as at that date. (10 mks)

|  |  |  |
| --- | --- | --- |
| Particulars | Dr | Cr |
| Purchases/sales | 349,000 | 582,000 |
| Debtors/Creditors | 51,000 | 62,000 |
| Motor vehicle | 600,000 |  |
| Drawings | 30,000 |  |
| Returns | 22,000 | 19,000 |
| Carriage in | 10,000 |  |
| Equity loan |  | 170,000 |
| Furniture and fittings | 45,000 |  |
| Discounts | 25,000 | 36,000 |
| Opening stock | 40,000 |  |
| Carriage outwards | 7,000 |  |
| Rent |  | 24,000 |
| Advertising | 13,000 |  |
| Land and Buildings | 500,000 |  |
| KPY Bank loan |  | 210,000 |
| Interest on loans | 48,000 |  |
| Cash at bank | 150,000 |  |
| Cash in hand | 28,000 |  |
| capital |  | 815,000 |
|  |  |  |
| **totals** | **1,918,000** | **1,918,000** |
|  |  |  |
|  |  |  |

**Question six**

1. Explain four ways through which the price of a commodity may be determined (8 mks)
2. The following information was extracted from the e books of Mbaikipingo:

2018

Feb 1 credit purchases: kamendish 12,000. Mugendish 30,000 and Opiyosh 25,000

Feb 5 credit sales to Monica sh 20,000

Feb 7 returned goods to Kamendish 320

Feb 8 cash purchases paid for by chequesh 39,000

Analyze the above transactions in the relevant day books (12 mks)