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

a) Explain five means of payment that are provided by commercial banks.   (10 mks)

b) Explain five reasons why small scale firms continue to exist in an economy dominated by large scale firms.   (10 mks)

Question two

a) Describe the procedure used in making an insurance claim.   (10 mks)

b) Explain five disadvantages that a country may experience from imposing trade restrictions on trading partners.   (10 mks)

Question three

a) Discuss five factors to consider when choosing an office layout for a firm.   (10 mks)

b) Explain fve challenges experienced by a country when using expenditure approach to measure national income.   (10 mks)

Question four

a) Differentiate between monopoly and monopolistic competition product markets.(10 mks)

b) Explain five ways through which consumers may protect themselves against exploitation by producers and business people.   (10 mks)

Question five

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

b) 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

a) Explain four ways through which the price of a commodity may be determined (8 mks)

b) 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)