**NAME……………………………………………. ADM NO…………………………**  
**SCHOOL:………………………………………….. CLASS ……………………………**

**BUSINESS STUDIES (565/2)**

**FORM 4**

**PAPER 2**

**Time: 2:30Hours**

**INSTRUCTIONS TO CANDIDATES**

1. Write your name and Admission number in the spaces provided above

2. This paper consists of 6 questions. Answer any **FIVE** questions

|  |
| --- |
|  |

GRAND TOTAL

1. a) Explain 5 money transfer facilities offered by a commercial bank to its customers.

(10mks)

b) Differentiate between a public limited company and a public corporation (10mks)

1. a) Explain 5 ways of correcting balance of payment deficit. (10marks)

b) Explain five factors that are likely to lead to high birth rate in Kenya. (10 marks)

1. a) By the aid of a diagram, explain excess demand and excess supply (10mks)

b) Discuss any five circumstances under which an insured may not be compensated in the event of a loss. (10mks)

1. a. Explain **five** services offered by wholesalers to retailers. (10 marks)

b. On March 1 2017, Martha had cash in hand sh 87,000 and cash at bank sh 250,000. During the month, the following transaction took place.

March 2: Cash sales sh 60,000

3: Paid salaries sh 101,500 by cheque.

7: Received a cheque sh 76,000 from Henry, after allowing him cash discount of 5 %.

13: Bought office furniture by cheque shs 86,000.

17: Settled Maria’s account for shs 34,200 in cash, having deducted shs 800 cash discount.

20: Received a cheque for shs 165,000 in respect of cash sales.

22: Paid wages shs 25,000 in cash.

24: Withdrew shs 32,000 from the bank for office use.

25: Withdrew shs 4,000 cash for personal use.

29: Received shs 17,000 cash from Alvin in settlement of his account less shs 1,000 cash

Discount.

31: Deposited all the money into the bank except shs 24,000.

Prepare three column cash book duly balanced. (10 marks)

1. a) Explain **five** benefits of filing office documents to an organization. (10 marks)

b) A trader want to place an order to his suppliers. Explain **five** factors that he should consider before choosing the appropriate means of communication. (10 marks)

1. a) The following trial balance was prepared from the books of Muranga traders as at 31st Dec 2018

Muranga traders

Trial balance

As at 31st Dec 2018

|  |  |  |
| --- | --- | --- |
|  | Dr (shs) | Cr (shs) |
| Sales  Purchases  Returns  Carriage inwards  Carriage outwards  Stock (jan 2018)  Rent  Delivery van  Bank  Creditors  Debtors  Interest  General expenses  Capital | 500,000  60,000  30,000  3,000  100 ,000  12,000  300,000  60,000  100 000  18,000  7,000 | 900,000  20,000  60,000  50,000  178,000 |
|  | 1,190,000 | 1,190,000 |

Stock on 31st Dec 2018 was at sh.130,000 required,

Prepare a trading profit and loss account for the year ended 31st Dec 20189. (10marks)

b) Explain any five limitations of advertising goods in newspapers (10marks)