**TERM 2 - 2022**

**BUSINESS STUDIES 565/2**

**PAPER 2**

**FORM FOUR (4)**

**TIME 2½Hrs**

**Name**: …………………………………………………………. **Adm** **No**: ……………….

**School**: ……………………………………………………….. **Class**: …………………..

**Signature**: …………………………………………………….. **Date**: …………………...

# INSTRUCTIONS TO CANDIDATES

* This paper consists of six questions
* Answer any FIVE questions
* Write your answers in the answer sheet provided
* All questions carry equal marks

1. a) Labour is an important factor of production. Explain five barriers that may hinder its mobility as a factor of production. (10 marks)

b) Explain five circumstances under which a high population growth may be desirable to a country. (10 marks)

2. a) Explain five factors that influence the amount of money held by an individual for

transactionary motive. (10 marks)

b) Manufacturers distribute their products to the final consumers through various channels. Explain five factors considered when choosing a particular channel of distribution. (10 marks)

3. a) On 1st June 2008 Happy Traders had cash in hand shs.5000 and cash at Bank shs7500. The following transactions took place during the month.

June 2: Bought goods in cash sh750

June 4: Paid salaries by cash shs. 3750

June 5 Received cheques from the following debtors after allowing 2% discount in each case, Kamau sh. 490, Jane sh. 980.

June 8: Paid the following accounts by cheque in each case deducting a 5% discount Otieno sh.1,500, Wanjiku sh.600.

June 12: Bought office machinery by cheque shs.2,500

June 20: Withdrew cash sh.500 for private use.

June 25: Cash sales sh.1000

June 26: Banked cash amounting to sh.500

June 29: Received shs.1,500 cash from Wanjohi a debtor.

Required: Prepare a three column cash book duly balanced. (12 marks)

b) Explain four reasons why the Government imposes tax on its Citizens. (8 mks)

4. (a) Outline five differences between a parastatal and a co-operative society (10mks)

(b) The table below shows the age distribution of a country.

|  |  |
| --- | --- |
| Age (year) | % |
| 0-15 | 45 |
| 16-55 | 31 |
| 56 and above | 24 |

Explain five negative economic implications of this age distribution to a country (10mks)

5. (a) Describe the procedure that should be followed when taking an insurance policy (10mks)

(b) Zeraki Investment operates a wholesale business and the following information relates to

various transactions during the month of May, 2019.

May 3 sold goods on credit to Anyimba sh 60,000

8 purchased goods on credit from Mjuaji stores sh 120,000

12 returned goods bought on credit from Mjuaji stores sh 6,000

16 purchased goods on credit from Mjuaji stores sh 160, 000

22 sold goods on credit to Mafala retailers sh 150,000

23 bought a new motor vehicle from Mashariki motors worth sh 3,200,000

on credit

24 Anyimba returned goods worth sh 10,000 to the business

29 sold equipment worth sh 840,000 on credit to Chap Chap limited.

Record these transactions into Zeraki investment books of original entry. (10mks)

6. a) Motorcycles have become a common feature in transport in Kenya. Outline **five** reasons that explain the rapid growth of motorcycle transport in Kenya (10 mks)

b) Explain FIVE reasons for the existence of small firms despite competition from large scale firms (10mks)