**NAME……………………………………………………….…… INDEX NO.:……………………**

**STREAM: .…..………………………………………… ADM NO: …………………….........……**

 **DATE: ………………….……...…**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**AUGUST/SEPTEMBER 2022**

**TIME: 2½ HOURS**

**MINCKS GROUP OF SCHOOL**

**FORM FOUR EXAM**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**TIME: 2½ HOURS**

**Instructions to Candidates:**

* Write your Name, School and Admission number in the spaces provided
* Answer ***any FIVE*** questions in the spaces provided.
* All questions carry equal marks.

**FOR EXAMINERS USE ONLY**

|  |  |  |
| --- | --- | --- |
| **QUESTIONS** | **MAXIMUM SCORE** | **CANDIDATE’S SCORE** |
|  | **20** |  |
|  | **20** |  |
|  | **20** |  |
|  | **20** |  |
|  | **20** |  |
| **TOTAL SCORE** | **100** |  |

Answer ***any FIVE*** questions in the spaces provided.

1. (a) Explain ***five*** ways of making face to face communication effective. (10mks)

(b) Discuss ***five*** advantages of trade restriction to a Country. (10mks)

1. (a) Explain ***five*** circumstances under which an insurance contract may be terminated. (10mks)

(b) Explain ***five*** differences between commercial banks and the non-banking financial

 Institutions. (10mks)

1. (a) Using a well labeled diagram explain the effect of a decrease in the cost of production on

 the equilibrium price and quantity of a commodity. (10mks)

(b) Kyalo started a hardware business on 1st Jan. 2019. The following is a summary of his

 transactions during the month.

 **Invoice received**

 2019: Jan 2: Jirani Ltd Ks.80,000

 18: Chuma Ltd Ksh.140,000

 26: Mwanaisha traders Ksh.160,000

**Invoice Issued**

 2019: Jan 5: Mungi Traders Ks.50,000

 20: Moto traders Ksh.150,000

 25: Jua Kali traders Ksh.70,000

 **Credit notes issued**

2019: Jan 10: Mungi Traders Ks.6,000

 28: Jua Kali traders Ksh.4,000

 **Credit notes received**

2019: Jan 12: Jirani Ltd Ks.3,000

 24: Chuma Ltd Ksh.8,000

 30: Mwanaisha traders Ks.12,000

 **Additional information**

2019: Jan 10: Sold machinery on credit to Kima traders sh50,000

 9: Bought electronics equipment on credit from Lowland traders sh.18,000.

 Prepare relevant journals to record the above transactions. (10mks)

1. (a) Explain ***five*** uses of the national income statistics. (10mks)

(b) Explain ***five*** factors that may lead to business success. (10mks)

1. (a)) Explain ***five*** benefits that a private Ltd Company may enjoy by changing to a Public

 Limited Company. (10mks)

(b) Explain ***five*** factors that the government should consider when deciding on a good tax

 system. (10mks)

1. (a) Yoder is an horticultural Company producing flowers. Explain five factors that may

 influence the choice of a channel for distributing its’ products. (10mks)

(b) The following information was extracted from the books of Sunway stores.

 Opening stock Sh.60,000

 Closing stock Sh.120,000

 Cost of sales Sh.40,000

 Debtors Sh.75,000

Creditors Sh.106,000

Returns inwards Sh.25,000

Sales Sh.52,500

Bank overdraft Sh.24,000

**Required:**

Determine

 (i) Purchases (2mks)

 (ii) Mark up (2mks)

 (iii) Profit margin (2mks)

 (iv) Working capital (2mks)

 (v) Rate of stock turn over (2mks)

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**THIS IS THE LAST PRINTED PAGE!**