**NAME………………………………………………………..CLASS…………ADM……….**

**BUSINESS STUDIES**

**FORM 4**

**PAPER 2**

**SEPTEMBER, 2021**

**TIME: 2 HRS 30 MINUTES**

***INSTRUCTIONS: Answer any five questions***

1. a)Explain **five** benefits of direct production. (10marks)

b) Explain **five** differences between private limited company and partnership forms of

Business units. (10marks)

2. a) Discuss **five** factors that Nakuru county government may consider before spending county

Funds. (10marks)

b) The following information relates to Maralal Traders for the month of May 2014.

May 1: Balance brought forward:

Cash Shs. 180,000

Bank Shs. 450,000 (Cr)

3: Received a cheque of 1,500,000 from Mpasha, a debtor

7: Cash sales Shs. 280,000

11: Jolloimat, a creditor of Shs.600, 000 was paid by cheque of sh 400,000 and the balance by cash.

14: Received commission in cash sh. 150,000

17: A debtor, Leteipa, paid his account of 185,000 by cheque less 2% cash discount.

19: Paid the following expenses by cheque:

Rent Shs. 75,000

Electricity Shs. 32,000

Water Shs. 25,000

21: Withdrew Shs. 100,000 from bank for personal use

24: Paid cash Shs 133,280 to Kinai after deducting a cash discount of 2%

25: Received a cheque of sh. 200,000 from Kiyapi, a debtor

28: Paid Salaries Shs. 120,000 by cheque.

31: Banked all cash except sh. 50,000.

Required:

Record the above transactions in a three column cash book. (10mark

3. a) Describe **five** types of unemployment. (10marks)

(b) Explain **five** internal factors that may encourage the achievement of

business goals. (10 marks)

1. a) The following information was extracted from the books of Umeme

Traders as at 31st December 2009.

|  |  |
| --- | --- |
| Item | Shs. |
| Bank loan | 567,000 |
| Bank loan interest | 1,440 |
| Capital | 1,680,000 |
| Closing stock | 87,000 |
| Creditors | 272,400 |
| Debtors | 140,280 |
| Discount allowed | 170,400 |
| Electricity | 30,240 |
| Furniture | 489,804 |
| Furniture repairs | 86,436 |
| Gross profit | 624,720 |
| Maintenance on premise | 72,000 |
| Motor vehicle | 1,080,000 |
| Motor vehicle maintenance | 360,000 |
| Premise | 648,000 |
| Rent received | 144,000 |
| Sundry expenses | 122,520 |

Prepare;

1. **Profit and loss account** for the year ended 31st December 2009
2. **Balance sheet** as at 31st December 2009. (10 marks)
3. Explain any **five** challenges that an under populated country may

experience. (10 marks)

1. (a) Explain **five** reasons why the government imposes taxes in the economy. *(10 marks)*

(b) Explain **five** ways in which the central bank controls the money supply in the country. *(10 marks)*

1. (a) Explain **five** measures that a wholesaler would take to ensure the smooth running of his warehouse. *(10marks)*

(b) Explain any **five** circumstances under which an increase in National income may not lead to improved standards of living. *(10 marks)*