**Name……………………………………………………Index No……………………..**

**School…………………………………………………..Candidate’s signature………**

**Date…………………………..**

**565 /2**

**BUSINESS STUDIES**

**PAPER 2**

**TIME: 2½ Hours**

PAVEMENT FORM 4 TRIAL 2 EXAMINATION 2021/2022

Kenya certificate of secondary education (K.C.S.E)

**Instructions to candidate**

1. Write your name and index number in the spaces provided above.
2. Sign and write the date of the examinations in spaces provided above.
3. Answer all questions.
4. a) Using a well labeled diagram, explain movement along a demand curve. **(10 Marks)**

b) Discuss five functions of money. **(10 Marks).**

1. a) Give four differences between a whole life policy and endowment policy. **(8 Marks)**

b) Discuss five limitations of a trial balance. **(10 Marks).**

1. Chemutai started business on 1st January 2005 with capital of sh 100,000 in cash. The following transactions took place during January 2005.
2. Bought land for sh 50,000 cash.
3. Bought building for sh 20,000, Paid 3,000 cash and the balance to be paid after two months
4. Opened a bank account by depositing sh 10,000 from cash.
5. Bought stock of goods worth sh 5,000 on credit from Mwenge Traders.

**Required:**

1. Prepare a balance sheet as at 31st January 2005 after all the transactions took place **(10 Marks)**
2. Explain five functions of insurance companies **(10 Marks)**
3. a) Discuss any five sources of public finance **(10 Marks)**

b) Explain five mailing services that facilitate communication **(10 Marks)**

1. a) Discuss five disadvantages of trade restrictions **(10 Marks)**

b) Explain five features of successful entrepreneur **(10 Marks)**

1. a) Explain four benefits of direct production **(8 Marks)**
2. Rono started a hardware business on 1st January 2002. The following is a summary of his transactions during the month.

Invoices received

2002

January 2. Jirani Ltd shs 80,000

18. Chuma Ltd shs 140,000

26. Mwanaisha traders sh 160, 000

Invoices Issued

2002

January 10 Mungi traders shs 60,000

28 Jua Kali traders shs 4,000

Credit notes received

2002

January 12. Jirani ltd shs 3,000

24. Chuma ltd shs 8,000

30. Mwanaisha traders shs 12,000

Required

Prepare appropriate subsidiary books **(12 Marks)**