

Form 3 End Term Business Studies Assessment 565/2

(Theory)

Term 2 2020.

DATE:
MARKS: 60 Marks
TIME: 2 Hours

Name:	
Stream #:	House:
Total Score: /60= %	

Directions:

- 1. Answer ALL the questions in the spaces provided in this question paper.
- 2. Read all questions carefully.
- 3. All working must be shown clearly where necessary for full credit.
- 4. Review your answers before turning in your exam.

Mark Tally: Teacher's use only

	1	.a	1b	2a	2b	3a	3b				
1											

Answer All Questions in this Section

1.

- a. Explain **Five** reasons why small firms have continued to do well despite the stiff competition from the big firms. (10 Marks)
- Explain **Three** advantages and **Two** disadvantages of using a bill of exchange as a mean of Payment. (10 Marks)

2.

a. The following balances were extracted from the books of Rehema Traders on 1st January 2007.

	Kshs.
Capital	600,000
Creditors	180,000
Motor van	200,000
Furniture	200,000
Stock	60,000
Debtors	80,000
Cash	240,000

The following transactions took place during the year ended 31 st December, 2007

- i. Sold furniture worth Ksh. 60,000 for which Ksh. 40,000 cash was received and the balance was due at the end of the year.
- ii. Purchased goods Worth Ksh.100,000 for which cash of Ksh. 70,000 was paid and the balance was still outstanding at the end of the year.
- iii. Cash Ksh. 10,000 was taken from the business by the proprietor to settle the spouse's hospital bill.

Required: Draw Rehema Trader's balance sheet as at 31st December, 2007 showing the items in their relevant classes. (10 Marks)

b. Apart from selling shares, explain Five sources of finance for a public limited company.

(10 Marks)

3.

- a. Explain **Five** factors that determine the premiums paid in property insurance (10 Marks)
- b. Explain **Five** Elements of effective communication (10 Marks)