

FORM FOUR CLUSTER KCSE MODEL2
BUSINESS STUDIES PAPER 2 QUESTIONS

1. a) Explain five ways in which the Central Bank of Kenya acts as a banker's bank. (10mks)
b) Describe five ways in which a customer may settle debts owed to his suppliers of goods.(10mks)
2. a) Discuss five reasons why radio is a popular medium of advertising goods and services for businesses in Kenya. (10mks)
b) Outline five ways in which services provided by wholesalers may benefit retailers. (10mks)
3. a) Explain four macro-environmental factors that might adversely affect the performance of a business. (8mks)
b) The following balances were extracted from the books of Sura Traders for the year ended 30th June 2015:
Sh.
Equipment 80,000

Creditors 72,000
Wages 12,000

Rent 6,200

Debtors 55,050

Insurance premium 800

Motor cycle 40,000

Gross profit 61,200

Furniture 30,000

Cash 4,900

Bank 22,000

Commission received 1,240

Electricity 750

Stock (30/06/2015) 4,600

Capital 120,000
Prepare:
 - i) A profit and loss account for the year ended 30th June 2015
 - . ii) A balance sheet as at 30th June 2015. (12marks)
4. a) Outline five measures that can be taken by producers to protect consumers of their products from being exploited by traders. (10marks)
b) Explain five factors which are likely to influence the level of a county's national income. (10marks)

5. a) Explain five ways in which the transport industry contributes to the development of the Kenya economy. (10marks)
 b) Countries in the world are being encouraged to reduce barriers in trading with other countries. Explain five advantages to a country that reduces the barriers in its international trade. (10marks)
6. a) Highlands four measures Kenya may take to realize vision 2030. (8marks)
 b) The following details were extracted from the books of Nalondo wholesalers.

Invoices Issued.

2014 Ksh.

- March 2 Masika 120,000
- March 4 Nangila 60,000
- March 10 Masika 150,000
- March 25 Nangila 80,000

**Invoice Received
2014**

- March 1 Wekesa 220,000
- March 3 Wekesa 90,000
- March 14 Wabwile 40,000
- March 28 Wekesa 110,000

Credit notes sent 2014

- March 8 Masika 20,000
- March 26 Nangila 16,000

Credit notes Received 2014

- Mach 11 Masika 30,000
- March 27 Masika 10,000

Prepare journal entries and show the posting of the totals to the relevant ledger accounts. (10marks)

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