

FORM FOUR CLUSTER KCSE MODEL 3

BUSINESS STUDIES PAPER 2 QUESTIONS

- 1.(a) Describe five features of economic resources (10mks)
- (b) Explain five benefits of operating a public limited company. (10mks)
- 2(a) Highlight five factors that may account for the high population growth in Kenya. (10mks)]
- (c) Discuss five difficulties that may be encountered when computing consumer price index. (10mks)
- 3(a) Explain five advantages a seller may realize when he sells his goods on credit terms. (10mks)
- (d) Highlight five conditions that may restrict firms from entering a particular market. (10mks)
2. (a) Explain five merits of direct taxes to the government. (10mks)
- (b) On 1st September 2015, Sabastian had sh. 55,000 in hand and sh. 250,000 at bank. During the month, the following transactions took place: -(10mks)
- Sept. 2: Cash sales banked sh.
35,260. Sept.3: Bought ribbons in
cash sh. 4,500.
- Sept. 8: Paid Wanga, a creditor sh 94,000 by cheque in full settlement of his account. After deducting 6% discount.
- Sept. 12: Received a cheque for Sh. 58,800 from Brown after allowing him a cash discount of sh. 1,200.
- Sept. 15: Paid salaries sh. 34,000 in cash.
- Sept. 25: Withdrew sh. 50,000 from bank for office use.
- Sept. 28: Ahero, a debtor paid her account of sh.75, 000 by cheque less 10% cash discount.
- Sept. 30: Deposited all the cash into the bank except sh. 13,700. Required: Prepare a three column cash book and balance it off. (10mks)
3. . (a) Describe five features of an efficient transport system. (10mks)
- (b) Explain five factors that are likely to influence a country's terms of trade. (T.O.T) (10mks)
4. Highlight five reasons why an individual may prefer to take an endowment policy cover instead of whole life policy cover. (10mks)

(b) The following balances were extracted from the books of Marion Traders on 31st December 2015.

MARION TRADERS TRIAL BALANCE AS AT 31ST DECEMBER, 2015

PARTICULARS	DR	CR
Gross profit		380,000
Closing stock	274,000	
Capital		259,000
Drawings	83,000	
Creditors		93,000
Premises	103,000	
Debtors	123,000	
Cash at Bank	33,000	
Bank loan (1 year)		50,000
General expenses	54,000	
Commission received		20,000
Wages & salaries	132,000	
	802,000	802,000

Required:

- (i) Profit and Loss Account for the year ended December 2015. (3mks)
- (ii) Balance sheet as at 31sts December 2015. (7mks)