## FORM FOUR CLUSTER KCSE MODEL5

## **BUSINESS PAPER 2 QUESTION**

- 1. (a) Explain (5) FIVE reasons why a trader would choose to transport his/her goods using Pipeline. (10mks)
  - (b) Discuss (5) FIVE uses of National Income Statistics in a county. (10mks)
- 2. (a) The following information was extracted from Kabula Traders as at 6th January 2016.

	Kshs
Land and building	150,000
Motor vehicle	120,000
Cash in hand	25,000
Creditors	1,500
Capital	311,000
Cash at Bank	4,000
Purchases	18,000
Sales	5,000
Returns outwards	1,300
Returns inwards	3,800
Discounts received	2,000

Prepare a trial Balance (12mks)

- (b) Explain (4) FOUR measures a country can put in place to correct balance of payment deficit. (8mks)
- 3. (a) Describe (5) FIVE possible channels of distributing imported goods. (10mks)
  - (b) Explain (5) FIVE characteristics of under developed countries. (10mks)
- 4. (a) Prepare Trading, Profit and Loss Account for Chiliba Traders for the period ending 30th April 2014. (12mks)

Account name	Dr. (KSHS)	Cr (KSHS)
Sales		186,000
Purchases	115,560	
Stock 01/05/2014	37,760	
Carriage outwards	3,260	
Carriage inwards	2,340	
Returns inwards	4,400	
Returns outwards		3,550
Salaries	24,470	
Electricity	6,640	
Rent	5,760	
Sundry expenses	12,020	
Equipment	24,000	
Furniture	6,000	
Debtors	45,770	
Creditors		30,450
Bank	38,760	
Cash	1,200	
Drawings	20,500	
Capital		128,440
	348,440	348,440

- (b) Explain any (4) FOUR government initiatives that assist in the development of entrepreneural culture in Kenya. (8mks)
- 5. (a) Discuss (5) FIVE ways in which insurance is beneficial to an economy. (10mks)
  - (b) Explain (5) FIVE ethical practices that should be observed in product promotion. (10mks)
- 6. (a) Explain any (5) FIVE government initiated methods of consumer protection. (10mks)

(b) Explain (5) FIVE factors a trader may consider before selling goods on credit to a consumer. (10mks)