

# FORM FOUR CLUSTER KCSE MODEL6

## BUSINESS PAPER 2 QUESTIONS

Answer any five questions.

1.. a) Explain five circumstances under which a manufacturer would use informative advertising. (10marks)

b) Explain five roles that an entrepreneur plays in the production process. (10marks)

2.a) Explain five characteristics of a sole trader type of business. (10marks)

b) The following balances were extracted from the books of Banda Traders for the year ended 31/12/2014.

	Shs.
Bank charges	4,800
Rent	480,000
Lighting	72,000
Water	92,200
Salaries	750,000
Commission Received	85,000
Discount Allowed	46,000
Discount Received	85,000
Gross profit	3,200,000
General Expenses	980,000
Stock	205,100
Motor vehicle	23,000,000
Furniture & equipment	6,500,000
Debtors	2,700,000
Creditors	3,960,000
Bank	2,000,000
Cash	500,000
Capital	30,000,000

Prepare:

i) Profit and Loss Account for the year ended 31/12/2014 ii) Balance sheet as at that date. (10marks)

3.a) Discuss five factors that an organization may consider before buying an office machine. (10marks)

b) Explain five factors that have hindered the expansion of railway transport in Kenya. (10marks)

4.a) Explain five reasons for the popularity of small scale retail businesses than supermarkets. (10marks)

b) Describe five channels that can be used to distribute imported goods. (10marks)

5.a) Explain five ways in which the central Bank contributes to the economic development of Kenya. (10marks)

b) The following is a demand and supply schedule for maize in the month of January, 2016

Price	Quantity	Quantity
	DD (No. Bags)	SS (No. of Bags)
500	10	2
1000	6	5
1500	4	7
2000	2	9
2500	1	12

Draw the demand and supply curves and determine the market price of maize in the month of January, 2016 (10marks)

6.a) Describe five benefits that Kenya may enjoy by being a member of East African Community (EAC). (10marks)

b) On March 1, 2015, Khwi Retailers had cash in hand sh.7,800 and cash at bank sh. 52,000. During the month, the following transactions took place. 2015

March

2 Cash sales directly banked sh.6,100

4 Bought a motor van sh. 150,000 by cheque.

7 Received a cheque of sh. 9,500 from Harry, after allowing him a cash discount of 5%. 12 Purchased office stationery sh 580 by cash.

15 Settled Mugo's account of sh. 1,800 in cash having deducted a 10% cash discount. 18 Received a cheque of 140,000 respect of cash sales.

21 Paid salaries sh. 4,000 by cheque

25 Withdrew sh. 23,000 from the bank for office use.

28 Received sh.7,100 cash from Anne in settlement of her account less sh.100 cash discount.

30 Took sh. 2000 cash for personal use.

31 Deposited all the money into the bank except sh.300. Prepare a 3 – column cash book duly balanced. (10marks)