

## FORM FOUR CLUSTER KCSE MODEL13

### BUSINESS STUDIES PAPER 2 QUESTIONS

**Answer any FIVE questions.**

1. a. Describe five intermediaries that can be used in distributing locally produced goods.  
b. Discuss five reasons why indirect production is important to an economy.
2. a. Discuss four factors to be considered when determining the insurance premiums to be charged.  
b. With the help of a diagram, explain the effects that low rainfall in Bungoma County will have on the price and quantity of maize supplied in the county.
3. a. Most of the petroleum used between Mombasa and Eldoret is transported by pipeline. Explain six advantages to the country arising from the use of this method of transport.  
b. Explain four errors that may not be revealed by a trial balance if committed in the books of accounts of a business.
4. a. Describe five differences between a public limited company and a partnership.  
b. A business is part of the society and is therefore expected to ensure its surroundings are healthy and safe. Explain five ways in which a business can protect its physical environment.
5. a. Explain five reasons why credit cards are not a common means of payment in Kenya.  
b. Describe five characteristics of an industry that comprises of only one firm.
6. a. Explain five merits of an open office layout to an organization.  
b. The following are transactions of Jua Kali Enterprises for the month of January 2010.  
Jan 1 cash in hand shs 16,700 and cash at bank shs 62,000  
Jan 2 cash sales banked shs 26,400 Jan 3 bought stationary shs 4,500 cash  
Jan 5 received a bank loan by cheque for shs 150,000  
Jan 15 paid Murembo shop by cheque of, shs 38,000 in full settlement of the account after deducting 5% cash discount  
Jan 16 received shs 28,180 cash from Mrs. Sianga after allowing cash discount of 10%  
Jan 19 Kamau paid his account of shs 48,000 by cheque less 12% cash discount  
Jan 20 received a cheque from Juma for shs.10, 440 after allowing cash discount of shs.1,960.  
Jan 25 deposited all cash into the bank except shs 5,000.

**Required**

Prepare three column cashbook duly balanced on 25th January 2010.