

FORM FOUR CLUSTER KCSE MODEL8

BUSINESS STUDIES PAPER 2 QUESTION

1. a) Explain five ways division of labour and specialization enhances business performance. (10 marks)
b) Discuss five methods that can be used to determine the size of a firm. (10 marks)
2. a) Explain five ways manufacturers of products in Kenya enhance consumer protection. (10 marks)
b) Describe five methods through which the Central Bank regulates economic activities in Kenya. (10 marks)
3. a) The following information was extracted from the books of Pumzika Traders in 2015.
January 1st: Goods bought on credit worth sh100 from Onyango; invoice number 007.

January 2nd: Goods returned to Makokha Traders amounting to shs.500 credit note No. 459.

January 3rd: Cash sales worth shs.150 receipt No. 0245 from ABC stores Ltd.

January 5th: Credit purchases worth shs. 840 from Pete Traders.

January 10th: Bought goods on credit worth sh. 1500 from Jaribu Traders.

January 15th: Cash purchases worth sh. 2100 by cash.

January 20th: Purchased goods on credit from Karatina traders worth shs.650.

REQUIRED

Prepare:

- i. Pumzika Traders purchases Journal (5 marks)
- ii. Open the relevant ledger accounts for Pumzika Traders from the above Purchases Journal only. (5 marks)
- b) Explain five services offered by wholesalers to retailers. (10 marks)
4. a) Explain five means of payment used in Home Trade. (10 marks)
b) Discuss the significance of five principles of insurance. (10 marks)
5. a) Explain five merits of direct tax. (10 marks)
b) The following balances were extracted from the books of Bunjosi Traders as at 31st Dec. 2015.

Shs.

Land and premises 250 000

Capital 470 000

Plant and machinery 100 000

Motor vehicle 150 000

10 year Equity Bank loan 100 000

5 year I.C.D.C loan 50 000

Stock (31/12/2015) 50 000

Debtors 30 000

Creditors 30 000

Accrued expenses 10 000

Cash at bank 50 000

Cash in hand 10 000

Drawings 20 000

REQUIRED

Prepare a balance sheet showing the following types of capital in their relevant classes.

i. Fixed capital

ii. Borrowed capital

iii. Working capital

iv. Capital owned

v. Capital employed (10 marks)

6. a) Explain negative effects of five macro-environmental factors on a business enterprise. (10 marks)

b) Outline five differences between cooperatives and limited liability companies. (10 marks)

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