

ASUMBI GIRLS HIGH SCHOOL
POST -MOCK 1
AUGUST/SEPTEMBER
2022

BUSINESS STUDIES PP2 MS

Instructions to Candidates

- (a) Write your name and index number in the spaces provided above.*
- (b) Sign and write the date of the examination in the spaces provided above.*
- (c) This paper consists of 6 questions.*
- (d) Answer ANY FIVE questions in the spaces provided*
- (e) This paper consists of 2 printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing*
- (f) Candidates should answer the questions in **English***

For Teacher's Use Only

Question	Maximum Score	Candidate's Score
	20	
	20	
	20	
	20	
	20	
	Total Score	

1. a) Methods used by central bank to increase money supply

- Reducing bank rates
- Reducing liquidity ratio
- Buying government securities
- Reductions on compulsory deposits
- Opening credit to all sectors in the economy
- Directives to increase credit lending
- Moral persuasions to banks to increase credit lending

b) a) Population control to have labour force that economy can absorb.

- Reviving collapsed industries hence increased production activities.
- Establishing of more labour intensive industries.
- Expanding market for goods and services.
- Diversification of economy hence create more employment opportunities.
- Increasing government expenditure to expand size of the economy.
- Exposing labour to assist unemployed acquire jobs abroad.
- Encouraging informal/Juakali sector in order to promote self – employment.
- Encouraging self employment/entrepreneurship through low taxes, subsidies.

2.a) – Special equipments for handling are expensive to buy and maintain.

- Use of modern technology which is not available in developing countries hence it slows down handling of containers.
- Requires skilled personnel which may not be available in developing countries.
- Initial capital to set up the system/ buy containers may not be available since the cost is high.
- Low volume of goods/irregular shaped goods may not call for use of containers.

b) **KABAKA TRADERS
TRADING PROFIT AND LOSS A/C
FOR THE YEAR ENDED 30/6/2021**

Opening stock	100,000	Sales	900,000
Purchases	600,000	Return inwards	<u>80,000</u>
Carriage inwards	40,000	Net sales	<u>820,000</u>
Return outwards	<u>20,000</u>		
C.O.G.A.F.S	720,000		
Closing Stock	<u>135,000</u>		
C.O.G.S	<u>585,000</u>		
Gross profit c/d	<u>235,000</u>		
	<u>820,000</u>		<u>820,000</u>
<u>Expenses</u>		<u>Gross profit b/d</u>	<u>235,000</u>
Carriage outwards	3,000		
Rent	60,000		
Discount allowed	18,000		
General expenses	7,000		
Net profit c/d	<u>147,000</u>		
	<u>235,000</u>	Net profit B/d	147,000

3 a) – Protection of citizens from exploitation/malpractices

- Provision of essential goods/services at fair prices
- Help solve unemployment problems hence improve standards of living.
- Provision of investments which are essential but require large capital.
- Creates competition forcing private sector to provide quality capital
- Help reduce foreign domination of the country's economy.
- Promote fairness in distribution/use of resources
- Control use of resources through conservation thus ensuring sustainability.
- Income generation through taxation, licensing to finance government expenditure.

b) Factors that influence entrepreneurial practices

- Positive/ good societal attitude
- Government support
- Good peer influence
- Proper education and training
- High number of successful entrepreneurs
- High number of financial institutions

- High level of personal motivations]

4. a) Loans – borrowing from banks and other financial institutions.
b) Ploughing back profit/Retained profit – profit not shared but used to expand/ run the business.
c) Trade credit/buying goods on credit so as to pay at a later date.
d) Hire purchases – buying goods and paying them on installment basis.
e) Debentures to the members of the public.
f) Sale of idle assets – to run business activities/ meet its financial obligations.
g) Bank overdraft –To finance short term obligations.

- b) Interdependent in decision making to avoid counter reactions from other firms.
 - Interdependent in decision making to avoid counter reactions from other firms.
 - Deal in similar commodities which have been differentiated through colour, packing , pricing.
 - Engage in non-price competition through aggressive advertising market segmentation, after sale services etc.
 - Few-large firms which control substantial share of the market.
 - Engage in price rivalry/competition which may lead to survival or collapse of firms.
 - Price rigidity due to fear of selling above or below kinked demand curve.
 - Price leadership where the dominant firm dictates market price which rules the market.

5 a)

- Suitable location to receive and issue goods
- Proper buildings suitable to the type of goods to be stored
- Equipment and facilities for handling goods such as forklifts
- Safety equipment for protection of goods against water and sunshine and personal protection
- Accessibility to its users near transport system
- Enough space for easy movement and accommodation of goods
- Well trained staff for proper management
- Requirement of the law

b)

- Increase government expenditure to stimulate aggregate demand, hence the level of production
- Encourage local private investment to increase productivity
- Diversify the Kenyan economy

- Protect local industries from foreign competition in order to maintain employment level
- Find market for locally produced goods through aggressive export promotion in order to expand production capacities of local industries

6 (a) Five channels for distribution of imported manufactured goods .

- i) Foreign manufacturer → local consumer
- ii) Foreign manufacturer → Foreign agent/exporter → local consumer.
- iii) Foreign manufacturer → Foreign agent → local agent → local consumer.
- iv) Foreign manufacturer → local agents/importers → local consumer.
- v) Foreign manufacturer → Foreign agent → local agent/import merchant → local wholesaler → local consumer.
- vi) Foreign manufacturer → Foreign agent → local agent → local wholesaler → local retailer → local consumer.
- vii) Foreign manufacturer → local agent/import merchant → local wholesaler → local retailer → local consumer.
- viii) Foreign manufacturer → local retailer → local consumer.
- ix) Foreign manufacturer → local wholesaler → local consumer.
- x) Foreign manufacturer → local wholesaler → local retailer → local consumer.
- xi) Foreign manufacturer → foreign agent → local wholesaler → local consumer.
- xii) Foreign manufacturer → Foreign agent → local wholesaler → local retailer → local consumer.
- xiii) Foreign manufacturer → own retail outlet → local consumer.

(b)

**Konate Traders
Three column cash book
As at 31st Dec 2010**

Date	Details	L.F	D.A	Cash	Bank	Date	Details	LF	DR	Cash	Bank
1 st /12	Capital				200000	1 st /12	Furniture				50000
3/12						2/12	Purchases				40000
8/12	Tila		1000		19000	6/12	Kahama		2500		22500
	Katu		400		7600	10/12	Wages			20000	
9/12	Sales			100000		11/12	Electricity				10000
31/12	Cash	c			80000	31/12	Bank	c		80000	
						31/12	Balance	c/d			184100
			<u>1400</u>	<u>100000</u>	<u>306600</u>				<u>2500</u>	<u>100000</u>	<u>306600</u>