

**KENYA HIGH SCHOOL MOCK 2020
BUSINESS STUDIES PAPER 2**

Ltd		
d) Paid telephone bill by cheque		

25. Outline four challenges that the government may face in allocating funds on recurrent expenditure

KENYA HIGH SCHOOL

JULY 2019

BUSINESS STUDIES

Paper 2

- 1a) Explain five circumstances under which an insurance company may not compensate the insured in the event of a loss. (10 marks)
- b) Explain five features of a perfect competition market. (10 marks)
- 2(a) Explain five problems associated with depreciation of currency in an economy. (10 marks)
- (b) Explain five ways in which the Kenya government can encourage entrepreneurship in Kenya. (10 marks)
- 3(a) Sori Traders made the following credit sales in the month of August 2010
 1/8/10 Onyango Sh 2000, Pamzo Sh. 6000
 5/8/10 Chacha Sh 5000
 10/8/10 Kavutudi Sh 2500, Onyango Sh. 3000
 15/8/10 Onyango Shs. 4500, Pamzo Sh. 5000
 30/8/10 Otieno Sh. 8000, Ndugu Sh. 1500.
- Enter the above transactions in the relevant journals, post the entries to the relevant ledgers and balance off the accounts (12 marks)
- (b) Explain four public sector activities aimed at attracting foreign investment (8 marks)
- 4 (a) Explain five methods which the central bank may use to reduce money circulation in the Economy (10 marks)
- b) Explain five benefits of privatizing government parastatals (10 marks)
- 5(a) Explain five problems which consumers may face where warehouses do not exist (10 marks)
- (b) High national income may not necessarily mean better welfare for the citizens of that country Explain the above statement giving five reasons (10 marks)
- 6(a) Explain four reasons why demand for a commodity may not significantly rise with a decrease in price. (8 marks)
- (b) The following balances were extracted from the books of Panyako traders for the years ended 31/July/2010.
- | | |
|------------------|-------------|
| Stock 31/6/09 | Sh. 80,000 |
| Sales returns | Sh. 6,000 |
| Purchase returns | Sh. 4,000 |
| Sales | Sh. 600,000 |
| Stock 31/7/2010 | Sh. 60,000 |
| Purchases | Sh. 360,000 |
| Carriage inwards | Sh. 12,000 |
- Calculate:**
- | | |
|------------------------------|-----------|
| i) Margin | (3 marks) |
| (ii) Rates of stock turnover | (3 marks) |
| (iii) Mark up | (3 marks) |
| (iv) Net purchases | (3 marks) |