ASUMBI GIRLS HIGH SCHOOL

POST -MOCK 1

AUGUST/SEPTEMBER

2022

**BUSINESS STUDIES PP2 MS**

***Instructions to Candidates***

1. *Write your name and index number in the spaces provided above.*
2. *Sign and write the date of the examination in the spaces provided above.*
3. *This paper consists of* ***6*** *questions.*
4. *Answer ANY FIVE questions in the spaces provided*
5. *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*
6. *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 man 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  Purchases 600,000  Carriage inwards 40,000  Return outwards 20,000  C.O.G.A.F.S 720,000  Closing Stock 135,000  C.O.G.S 585,000  Gross profit c/d 235,000  820,000  Expenses  Carriage outwards 3,000  Rent 60,000  Discount allowed 18,000  General expenses 7,000  Net profit c/d 147,000  235,000 | Sales 900,000  Return inwards 80,000  Net sales 820,000  820,000  Gross profit b/d 235,000  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 ]

1. 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 ***.***

1. Foreign manufacturer → local consumer
2. Foreign manufacturer → Foreign agent/exporter → local consumer.
3. Foreign manufacturer → Foreign agent → local agent → local consumer.
4. Foreign manufacturer → local agents/importers → local consumer.
5. Foreign manufacturer → Foreign agent → local agent/import merchant → local wholesaler → local consumer.
6. Foreign manufacturer → Foreign agent → local agent→ local wholesaler → local retailer →local consumer.
7. Foreign manufacturer → local agent/import merchant → local wholesaler → local retailer → local consumer.
8. Foreign manufacturer → local retailer → local consumer.
9. Foreign manufacturer → local wholesaler→ local consumer.
10. Foreign manufacturer → local wholesaler → local retailer→ local consumer.
11. Foreign manufacturer → foreign agent → local wholesaler → local consumer.
12. Foreign manufacturer → Foreign agent → local wholesaler→ local retailer → local consumer.
13. 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 |
| 1st /12  3/12  8/12  9/12  31/12 | Capital  Tila  Katu  Sales  Cash | c | 1000  400  1400 | 100000  100000 | 200000  19000  7600  80000  306600 |  | 1st /12  2/12  6/12  10/12  11/12  31/12  31/12 | Furniture  Purchases  Kahama  Wages  Electricity  Bank  Balance | c  c/d | 2500  2500 | 20000  80000  100000 | 50000  40000  22500  10000  184100  306600 |