

# STAREHE BOYS HIGH SCHOOL MOCK 2015

## BUSINESS PAPER 2

1. (a) In most secondary schools in Kenya, principals are accommodated in their own offices. Explain five disadvantages associated with this kind of arrangement. (10 marks)  
(b) Explain five main source documents used in a business. (10 marks)
2. (a) Explain any five methods used by the government to restrict international trade. (10 marks)  
(b) Explain five principles of insurance. (10 marks)

3. (a) Chapa kazi traders had the following balances as at 31<sup>st</sup> March 2013.

	Shs.
Capital	20,000
Sales	140,000
Purchases	90,000
Closing stock	70,000
7 year bank loan	30,000
Insurance expenses	25,000
General expenses	12,000
Debtors	25,000
Creditors	75,000
Cash at bank	20,000
Cash in hand	10,000
Premises	95,000

Calculate

- (i) Mark up (2 mark)  
(ii) margin (2 marks)  
(iii) Rate of stock turn over. (2 marks)  
(iv) Return on capital employed. (2 marks)  
(v) Current ratio. (2 marks)  
(b) Explain five reasons why the government emphasizes on training business people. (10 marks)
4. (a) The following balance sheet was prepared from the books of Makori traders.

Makori traders  
Balance sheet  
As at 31<sup>st</sup> Dec 2011

	Sh	sh		sh	sh
<u>Fixed assets</u>			capital		280,000
Motor vehicle	600,000		<u>long term liabilities</u>		
Furniture	80,000	680,000	bank loan (5 years)		500,000
<u>Current assets</u>			<u>short term liabilities</u>		
Stock	200,000		creditors	280,000	
Cash	60,000		bank overdraft	<u>20,000</u>	300,000

Debtors	<u>140,000</u>	<u>400,000</u>	
		<u>1,080,000</u>	<u>1,080,000</u>

The following transactions then took place in January 2012

- (i) Opened a bank account for the business and deposited shs 120,000 from personal sources.
- (ii) Paid part of the bank loan shs 40,000 by cash.
- (iii) Bought goods worth shs 50,000 on credit.
- (iv) Sold part of the furniture worth shs 10,000 in cash

Required:

Prepare Makori traders balance sheet as at the end of January 2012.

- (b) Explain five sources of a business idea. (10 marks)
- (5) (a) Many people use internet banking and automatic teller machine (ATM).  
Explain five advantages of internet banking to a customer. (10 marks)
- (b) Describe five benefits Kenya would derive from a well drawn development plan. (10 marks)
- (6) (a) Explain five limitations of using per capital income to compare standards of living in different countries. (10 marks)
- (b) Outline five negative economic implications of an ageing population to a country. (10 marks)