

# SUNSHINE SECONDARY SCHOOL MOCK 2015

## BUSINESS PAPER 2

1. a) Explain **five** benefits of direct production. (10marks)

b) Explain **five** differences between private limited company and partnership forms of Business units. (10marks)

2. a) Discuss **five** factors that Nakuru county government may consider before spending county Funds. (10marks)

b) The following information relates to Maralal Traders for the month of May 2014.

May 1: Balance brought forward:

Cash Shs. 180,000

Bank Shs. 450,000 (Cr)

3: Received a cheque of 1,500,000 from Mpasha, a debtor

7: Cash sales Shs. 280,000

11: Jolloimat, a creditor of Shs.600, 000 was paid by cheque of sh 400,000 and the balance by cash.

14: Received commission in cash sh. 150,000

17: A debtor, Leteipa, paid his account of 185,000 by cheque less 2% cash discount.

19: Paid the following expenses by cheque:

Rent Shs. 75,000

Electricity Shs. 32,000

Water Shs. 25,000

21: Withdrew Shs. 100,000 from bank for personal use

24: Paid cash Shs 133,280 to Kinai after deducting a cash discount of 2%

25: Received a cheque of sh. 200,000 from Kiyapi, a debtor

28: Paid Salaries Shs. 120,000 by cheque.

31: Banked all cash except sh. 50,000.

Required:

Record the above transactions in a three column cash book. (10marks)

3. a) Describe **five** types of unemployment. (10marks)

b) Explain **five** problems a country may encounter when measuring national income

using the output approach. (10marks)

4. a) Explain **five** factors that encourage entrepreneurial development in Kenya. (10marks)

b) By use of diagrams, show the effects on the equilibrium price and output due to increase in demand and supply respectively. (10marks)

5. a) Explain **five** benefits that Kenya as a country may achieve by adopting 2030 Millennium development goals. (10marks)

b).Discuss **five** reasons why a manufacturer may sell directly to consumers. (10marks)

6. a) The following trial balance has extracted from the books of Bishar Retailers on 30<sup>th</sup> April, 2006.

|                    | Dr             | Cr             |
|--------------------|----------------|----------------|
|                    | shs            | shs            |
| Sales              |                | 186,000        |
| Purchases          | 115,560        |                |
| Stock 1.5.2005     | 37,760         |                |
| Carriage outwards  | 3,260          |                |
| Carriage inwards   | 2,340          |                |
| Returns outwards   |                | 3,550          |
| Returns inwards    | 4,400          |                |
| Motor expenses     | 6,640          |                |
| Rent               | 4,560          |                |
| Salaries and wages | 24,490         |                |
| General expenses   | 12,000         |                |
| Rates              | 1,200          |                |
| Equipment          | 60,000         |                |
| Machinery          | 31,960         |                |
| Trade debtors      | 45,770         |                |
| Trade creditors    |                | 30,450         |
| Bank               | 38,760         |                |
| Cash               | 12,000         |                |
| Drawings           | 20,500         |                |
| Capital            |                | <u>128,440</u> |
|                    | <u>348,440</u> | <u>348,440</u> |

Stock at 30<sup>th</sup> April, 2006 was shs 49,980.

Required; i) Prepare Trading, profit and loss Account for the year ended 30<sup>th</sup> April 2006. (7marks)

ii) Balance as at 30<sup>th</sup> April 2006. (5marks)

b) Explain **four** forms of economic integration. (8marks)