KENYA HIGH SCHOOL

MOCK 2019

BUSINESS PAPER 2

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.

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 Kavuludi 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)

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