**STAREHE BOYS’ CENTRE & SCHOOL**

**MOCK EXAMINATIONS 2015**

**JUNE/JULY 2015**

**BUSINESS STUDIES PAPER 2**

**2½ HOURS**

**Answer any five questions**

1(a) Explain FIVE external environmental factors that may affect a business and its operations.

(10 marks)

b) Kama started business two years a go. He has realized that the business is not growing at a fast rate. Explain five factors that may have contributed to such a slow growth. (10 marks)

2(a) There has been an increase in the use of mobile money transfers in Kenya in the recent past.

Explain Five factors that have contributed to such an increase. (10 marks)

b) Explain five ways in which manufacturers may enhance consumer protection. (10 marks)

3(a) Explain Four challenges that are faced by “ boda boda” operators in the transport sector.

(8 marks)

b) Onyango and Tango jointly bought a bus valued at sh. 10,000,000. They contributed capital in ratio of 2:3 respectively. Onyango insured the bus against accident for sh. 3,000,000 while Tango insured it for sh. 8,000,000. Later that bus was involved in a road accident and the loss was estimated as sh.5,000,000.

Calculate the amount of compensation each will get giving reasons for your answer. (12 marks)

4(a) One of the factors that may influence the demand of a product is government policy. Explain Four ways in which such a policy may influence the demand of the product. ( 8 marks)

b) Explain six functions of intermediaries in the chain of distribution. (12 marks)

5(a) One of the problems faced by country Z is unemployment . Explain Five measures that should be put in place to solve such problems. (10 marks)

b) The following is the balance sheet of Kaka Traders as at 31 December 2014

KAKA TRADERS

Balance sheet

As at 31 December 2014

Shs shs

**Non current assets**

Buildings 10,000,000

Motor vehicles 15,000,000

Furniture 2,000,000

27,000,000

**Current assets**

Inventory 3,000,000

Debtors 1,000,000

Bank 7,000,000

Cash 5,000,000 16,000,000

43,000,000

**Capital and Liabilities**

Capital 33,500,000

Long term liabilities

Loan from Kaka Bank 8,000,000

Current liabilities

Creditors 1,500,000

43,000,000

The following transactions took place during the month of January 2015

January 2 Bought Stock for cash sh 800,000

January 4 Transferred sh 200,000 from the cash till to the bank account

January 10 Paid creditors shs 600,000 by cheque

January 15 Received cheques totaling shs 1,000,000 from debtors

January 20 Acquired a loan from Mambo Bank for shs 2,000,000

Prepare the balance sheet of Kaka Traders after the transactions above. (10 marks)

6(a) Explain five functions that are performed by non-bank financial institutions in Kenya. (10 marks)

b) Country X has been experiencing a deficit in her balance of payments .Explain Five measures that should be taken to correct the deficit. (10 marks)