

NAME:.....INDEXDATE.....

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565/2
BUSINESS STUDIES
PAPER 2
JULY / AUGUST, 2010
2½ HOURS

JOINT INTER-SCHOOLS EVALUATION TEST (JISSET) Kenya Certificate of Secondary Education 2010

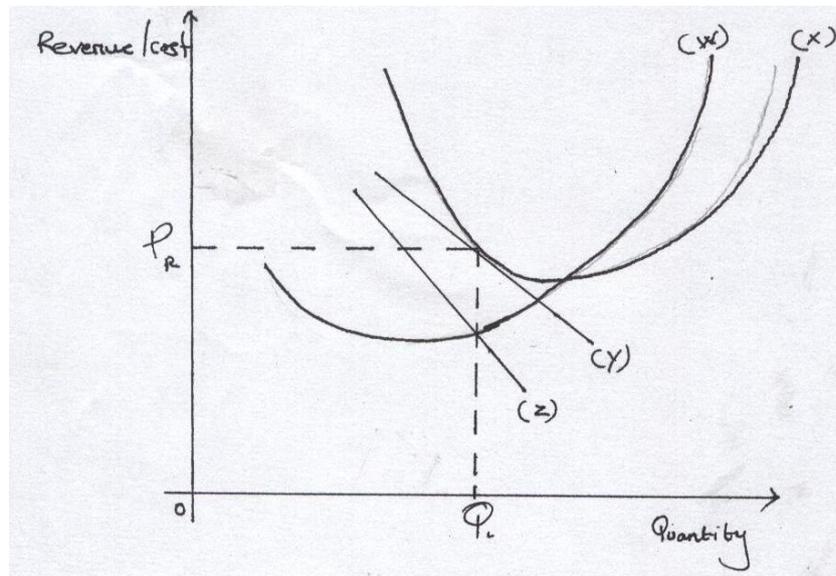
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INSTRUCTIONS TO CANDIDATES

- ❖ This paper consists of **six** questions
- ❖ Answer any **5** questions
- ❖ Write your answers in the answer sheet provided
- ❖ All questions carry equal marks
- ❖ Candidates should check the question paper to ascertain that all pages are printed as indicated and that no questions are missing

1. (a) Explain FIVE problems associated with operations of public corporations in Kenya (10 mks)
- (b) Motorcycles have become a common feature in transport in Kenya. Outline **five** reasons that explain the rapid growth of motorcycle transport in Kenya (10 mks)

2. (a) Explain **FIVE** benefits that would accrue to a country that encourages entrepreneurship (10 mks)
- (b) Mauzo poa enterprises operates a petty cash book on the imprest system with analysis columns for wages, stationery and ledger and a cash float of Sh.6000. On 1st October, 2009, the petty cashier had a cash balance at hand of Sh.528.
- The following transactions took place during the first week of October 2009
- Oct 1: The main cashier reimbursed the cashier the amount to replenish the cash float.
- Oct 2: Paid wages of sh.720 and bought envelopes for sh.410
- Oct 3: Bought office pins for sh.200 and paid wages to casual workers, sh.890
- Oct 4: Paid wages sh.700. Paid a credit supplier sh.500
- Oct 5: Bought photocopying paper for sh.600 and printer ink for sh.450
- Oct 6: Paid wages sh.650
- Required:
- Prepare a petty cash book for Mauzo Poa enterprises, balance it off and show replenishment of cash float on 8th October, 2009. (10 mks)
3. (a) A country's exchange rate has been deteriorating over the last one year. Identify **FIVE** reasons that could have caused the deterioration in the exchange rate (10 mks)
- (b) Explain **FIVE** factors that contribute to effective communication in an organization (10 mks)
4. (a) Credit cards are increasingly being used in transactions in Kenya. Highlight **SIX** disadvantages of using credit cards (12 mks)
- (b) The following diagram shows the cost and revenue curves of a firm at equilibrium in the long run



- (i) Identify the market structure under which the firm operates (2 mks)
 - (ii) Name the curves labelled w, x, y and z (2 mks)
 - (iii) Identify **four** characteristics of the market structure in (i) above (4 mks)
5. (a) Explain **FIVE** advantages of imposing indirect taxes in a country (10 mks)
- (b) Prize-winning competitions have become common in product promotion. Explain **FIVE** benefits that a firm will get by using this method to promote its products (10 mks)
6. (a) Explain **FIVE** advantages of an open office layout for a business (8 mks)
- (b) The following is a trial balance status to Kamusinga wholesalers as at 31st December, 2009

Kamusinga Wholesalers

Trial Balance as at 31st December, 2009.

	Dr	Cr	
	shs	shs	
Fixed assets	292,600		
Current assets		78,000	
Rent income		23,000	
Discounts	3,000	2,000	
General expenses	89,000		
Carriage inwards	28,000		
Purchase/sales		280,000	474,000
Returns Outwards/inwards		4,600	7,000
Stock (1/1/2009)	46,000		

Drawings	33,000	
Current liabilities		53,000
Capital		300,000
	854,200	854,200

Stock on 31st December, 2009 was sh.54, 000.

Required:

- i) Prepare the trading, profit and loss account for the year ending 31st November, 2009 (8 mks)
- ii) Calculate:-
 - Rate of return capital employed (2 mks)
 - Rate of stock turn over (1 mk)
 - Gross profit margin (1 mk)