

Name.....

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565/2

**BUSINESS STUDIES**

**PAPER 2**

**JULY / AUGUST 2010**

**Time: 2 ½ Hours**

**BUTERE DISTRICT JOINT EVALUATION TEST - 2010**

**Kenya Certificate of Secondary Education (K.C.S.E)**

**BUSINESS STUDIES**

**PAPER 2**

**JULY / AUGUST 2010**

**Time: 2 ½ Hours**

**INSTRUCTIONS TO CANDIDATES**

- Attempt any FIVE questions in the answer sheets provided.
- All questions carry equal marks

*This paper consists of 4 printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing*

1.
  - a) Discuss six factors that may discourage the use of pipeline as a means of transporting petroleum of pipeline as a mean of transporting petroleum products in a country.
  - b) The government of Kenya encourages Kenyan citizens to pay taxes. Explain Four reasons why the government levies taxes
  
2.
  - a) The following information relates to Butere traders limited for the year 2009
 

Net sales	320,000
Margarin	25, %
Rate of turnover	6 times
Expenses	35 000

 For the information given above, calculate
    - i) Gross profit (3mks)
    - ii) Cost of goods sold. (2mks)
    - iii) Net profit (2mks)
    - iv) Average stock (3mks)
  - b) Describe the channels of distribution for imported goods. (10mks)
  
3.
  - a) Explain the disadvantages of international trade to a country. (10mks)
  - b) Outline differences between a private company and a public corporation. (10mks)
  
4.
  - a) Identify five principles of insurance highlighting the significance of each to the insured
  - b) Outline five uses of national income statistics (10mks)
  
5.
  - a) Explain circumstances underwhich an individual would prefer to use letters rather than Telephones. (10mks)
  - b) Explain the business malpractises that consumer need to be protected against by the government. (10mks)
  
6.
  - a) Murono maintains a petty cash on imprest system with a float of 500. Reimbursement is usually made on the first day of the week. The following payments were made in the first week of April 2009.

April

1. Received shs 950 for reimbursement
3. Bought stamps for sh 400
4. Bought stationery for sh 250
- 5 Bought sugar for sh 320 and paid postage sh 250
6. Bought Tea leaves for sh 260 and stationery shs 250
6. paid bus fare sh 210, petrol sh 850 and repairs sh . 1000
7. Received a cash for reimbursement ksh 3790

**Required**

Prepare a petty cash book dully balanced using the following analysis columns ; stationery postage, traveling, staff tea and miscellaneous. (10mks)

(b) Sabatia is a Business woman. She wishes to obtain a loan from a commercial bank. Highlight the conditions that she should satisfy before the bank can grant her the loan. (10mks)

