

NAME _____ INDEX NO. _____ SIGNATURE _____

KASSU- JET 2010
JUNE MOCK EXAM
565/2
BUSINESS STUDIES
PAPER 2
TIME 2 ¼ HRS.

KASSU – JET 2010
Kenya Certificate of Secondary Education.
(KCSE)
BUSINESS STUDIES
565/2
PAPER 2

Instructions:

- *Answer any five questions using the material provided.*
- *All questions carry equal marks*
- *Candidates MUST check the question paper to ensure that all papers are printed as indicated and no questions are missing.*

1. (a) Study the table below of the population census of a country in Africa.

Year	1979	1989	1999	2009
Population (in million)	20	23	27	36

Explain five implications of this population change in the economy.

(10mks)

- (b) Using a well labeled diagram, explain how profit maximization of output is determined in the perfect market in the long run. (10mks)

2. (a) Explain five ways in which road carnage in Kenya can be reduced by the government. (10mks)

- (b) Wakariti wholesalers had the following account balances on 31st March 2008.

	Kshs.
Capital	907,000
Stock 1.4.07	30,000
Land and Buildings	750,000
Furniture	100,000
Motor Vans	700,000
ICDC Loan	400,000
Creditors (31.3.08)	55,000
Stock	70,000
Cash	10,000
Bank Overdraft	12,000
Accrued Salaries	20,000
Net Profit	30,000
Prepaid Insurance	4,000
Debtors	60,000

Required:

- (a) Prepare Wakariti balance sheet as at 31st March 2008. (6mks)

- (b) Calculate:

- (i) Working capital. (1mk)
(ii) Rate of return on capital (1mk)
(iii) Capital employed (1mk)
(iv) Borrowed capital (1mk)

3. (a) Explain five methods in which commercial banks transfer money in Kenya. (10mks)

- (b) Explain five ways in which the recipient of a message may fail to contribute to effective communication. (10mks)

4. (a) Explain any five ways through which organizational automation may contribute to successful management. (10mks)

- (b) Explain five ways through which the International Monetary Fund contributes to the economic development of less developed countries. (10mks)

5. (a) Wetangula enterprises maintains a monthly imprest of Kshs. 5000. The petty cashier received Kshs. 2400 on 1st January 2010. Given below is a summary of information extracted from the month's petty cash book. Study it carefully and prepare the petty cash book at end of month with the following analysis columns.

Date Jan	Petty Cash Voucher	Purpose	Amounts Kshs.	Signed by/ recipient
3 rd	001	Petrol	150	S. Opiyo
5 th	002	Entertainment	100	D. Glory
6 th	003	Brooms	400	R. Opiyo
8 th	004	Petrol	500	S. Opiyo
10 th	005	Stamps	200	B. Awinja
15 th	006	Wages	300	V. Mideva
17 th	007	Tea leaves	150	R. Shah
29 th	008	Sugar	120	R. Shah
30 th	009	Entertainment	200	D. Glory
31 st	010	Detergents	320	S. Opiyo

- (b) The government of Kenya has outlined development plans to become an industrialized state by the year 2030. Explain five reasons why the objective may not be realized. (10mks)
6. (a) Explain five factors that may lead to decline in the demand for oranges in Nakuru Town. (10mks)
- (b) The following is a summary of Warwa Bank Account for the year ended 31st December 2009.

Dr.		Bank A/C	Cr	
	Kshs.		Kshs.	
Balance 1.1.09	8,100	Payment to creditors	589,740	
Receipts from debtors	758,720	Rent	33,000	
Balance 31.12.09	12,040	Rates	17,800	
		Sundry expenses	7,500	
		Drawings	<u>130,820</u>	
	<u>778,860</u>		<u>778,860</u>	

All of the business takings have been paid into the bank with the exception of Kshs. 192, 600. Out of this Warwa has paid wages Kshs. 109,440, drawings Kshs. 23,280 and purchase of goods Kshs. 59,880.

The following additional information is available.

	1.1.09	31.12.09
Stock	277,240	302,880
Creditors	112,480	172,480
Debtors	180,620	172,480
Rates prepaid	4,200	4,500
Rent owing	3,000	-
Fixtures	50,000	45,000

Required:

Prepare trading, profit and loss A/C for the year ended 31st December 2009. (12mks)