

565/2

BUSINESS STUDIES

PAPER 2

JULY / AUGUST 2012

TIME: 2 HOURS 30 MINS

THE JOINT INTER-SCHOOL EVALUATION TEST (JISSET)

Kenya certificate of secondary education

INSTRUCTIONS TO CANDIDATES

- ❖ This paper consists of six questions
- ❖ Answer Any **five** questions
- ❖ All questions carry equal marks

1. a) Highlight **five** reasons why the government trains business people. (10mks)
 b) Explain **five** roles that intermediaries play in the distribution of goods and services. (10mks)
2. a) Discuss **six** reasons why many Kenyans are increasingly shopping in supermarkets. (12mks)
 b) The Kenyan government has plans to construct a major seaport at Lamu. **Explain four** benefits that may accrue to the country from this new port at Lamu. (8mks)
3. a) Explain **five** advantages of a public limited company as a form of business. (10mks)
 b) The following balances relate to Msafiri Traders as at 31st December, 2012:

	Sh.
Purchases	900,000
Stock, 1/1/2012	230,000
Buildings	1,200,000
Motor vehicles	750,000
Returns outwards	50,000
Debtors	190,000
Creditors	310,000
Loan from IDB	600,000
Cash at hand	130,000
Cash at bank	270,000
Drawings	100,000
Capital	1,840,000
Net profit	170,000
Stock, 31/12/2012	280,000
Expenses (including carriage inwards, shs 150,000)	250,000

REQUIRED:

- i) Balance sheet as at 31st December, 2011. (6mks)
- ii) Calculate:
- Mark-up percentage. (2mks)
 - Return on capital employed. (2mks)
4. a) Explain five principles that guide the tax system in a country. 10mks)
 b) Labour is one of the basic factors of production. Outline five measures that a business can take to increase the productivity of its labour force. (10mks)
5. a) Describe five ways in which the price of a product can be determined in market. (10mks)
 b) Explain five benefits of mobile phone money transfer services. 10mks)
6. a) On 1st June 2011, Nyati Traders had cash in hand of sh25,000 and sh56,200 at bank. During month, the following transactions took place:
- 2011
- June 2 Cash sales, sh42,000.
 June 5 Received a cheque of sh70,500 from Butala Traders after deducting a 6% cash discount.
 June 8 Paid salaries, sh24,000 in cash.
 June 9 Kivuitu settled his account of sh45,000 in cash and was allowed sh 1,800 cash discount.
 June 12 Cash sales sh46,500.
 June 18 Paid Tuiei's debt of sh 100,000 by cheque after deducting 5% cash discount.
 June 24 Withdrew sh26,000 from the bank for office use.
 June 30 Banked all the cash except sh25,000.
- Prepare a 3-column cashbook and balance it off on 30th June, 2011. (10mks)
- b) Outline **five** differences between oligopoly market and perfect competition market situations. (10mks)