

**2017 KCSE JKIM joint examination paper**

**Business paper 2 Question paper**

**Answer ONLY FIVE questions in this section in the space provided**

- 1a) Explain the roles of Nairobi stock exchange to Kenyan economy. (10marks)
- b) Discuss the limitations of using National income statistics to measure standards of living (10marks)
- 2a) Describe the procedure of obtaining an insurance policy. (10marks)
- b) Explain five factors that may lead to shift of demand curve from right to left (10marks)
- 3a) Discuss the differences between public corporation and public limited company (10marks)
- b) Explain five ways of controlling demand pull inflation (10marks)
- 4a) Kimeu a producer has decided to distribute his goods strongly retailers, explain five advantages of such move by Kimeu (10marks)
- b) Kawira Traders had the following balances as at 31st 03.2013

<b>Details</b>	<b>Sh.</b>
Capital	20,000
Sales	240,000
Purchases	90,000
opening stock	70,000
7 years bank loan	30,000
General Expenses	12,000
Insurance	25000
Debtors	25,000
Cash at bank	20,000
Creditors	75,000
Cash at hand	10,000
Premises	95,000

Additional information:

Closing Stock 160,000

Calculate the following :( 10marks)

- (i) Mark – up
- (ii) Margin

(iii) Rate of stock turn – over

(iv) Current ratio

5a) Explain five reasons why individuals may hold money for precautionary motive (10marks)

b) Explain five circumstances that can lead to termination of an insurance policy (10marks)

6a) Explain problems associated with the calculation of national income using the income approach (10marks)

b) ) On 1<sup>st</sup> June 2012, Ngiriri Traders had cash in hand Shs. 87,000 and cash at Bank sh. 250,000.

During the month, the following took place:

June 2: Cash sales sh. 50,000 issued a receipt No. 063

June 3: Paid salaries and wages Shs. 101,500 by cheque, cheque No. 083

June 6: Received a cheque for Shs. 76,800 from Kemunto, after allowing her a cash discount of 4%. Receipt No. 064

June 15: Settled Omwambi's account of Shs. 40,000 in cash having deducted sh. 800 cash discount. Receipt No. 0656.

June 18: Withdrew Shs. 30,000 from bank for office use.

June 21: Received Shs. 16,500 cash from Mwikali in settlement of his account less sh. 600 cash discount. Receipt No. 065.

June 23: Bought office furniture by cheque Shs. 85,000. Receipt No. 734

June 25: Withdrew sh. 5000 cash for private use.

June 28: Paid wages sh. 24,000 in cash receipt No. 801

June 29: Received a cheque for Shs. 150,000 in respect to cash sales. Receipt No. 066.

**Required:**

(i) A cash receipt journal (5mks)

(ii) A cash payment journal. (5mks)

