

2017 KCSE JKIM joint examination paper

Business paper 2 Question paper

Answer ONLY FIVE questions in this section in the space provided

1a) Explain five reasons that may necessitate a country to adopt trade protectionism measures. (10marks)

b) Explain five tools of monetary policy used to curb inflation. (10marks)

2a) Discuss five ways in use of containers in sea explitransport enhance security of cargo. (10marks)

b) Explain five reasons why a firm would re-insure. (10marks)

3a) Describe five ways through which a government may participate in the operations of a state Corporation. (10marks)

b) The following information relate to Jamuka traders for the year ended 31st Dec 2015.

details	Shs
Purchases	150,000
Sales	300,000
Opening stock	60,000
Salaries / wages 17,000	17,000
Current liabilities 2,000	2,000
Rent 15,000	15,000
Current assets 10,000	10,000
Insurance 8,000	8,000
Creditors 6,000	6,000
Drawings 2,000	2,000
Current assets 10,000	10,000
Closing stock	10,000

i). Prepare a trading and profit/ loss account for the year ended 31/12/2015.

ii). Calculate;

(a) Current ratio

(b). Rate of stock turnover

(c). Margin percentage (10 marks)

4a) Explain five effects of a declining population to an economy. (10 marks)

b) Describe the procedure of claiming compensation after an insured risk has occurred. (10 marks)

5a) Explain five principles of a good tax system. (10 marks)

b) Describe the process leading to the start of a business by an entrepreneur. (10 marks)

6a) Discuss five sources of monopoly power. (10 marks)

b) The statement of financial position of Njeru traders as 1st May 2007 was as follows:

	Ksh
Bills payable	18,000
Creditors	8,900
Capital	55,000
Cash	40,500
Debtors	11,400
Office Equipment	30,000

Njeru traders completed the following transactions during May 2007.

May 2: Paid rent for his office Ksh.600 cash

May 3: Received a cheque for Ksh.3, 000 from debtors

May 10: Paid creditors Ksh.3, 500 cash

May 12: Purchased furniture for Ksh.5, 000 cash

May 20: Credit sales to customers Ksh.7, 000

May 25: Paid electricity Ksh.400 and telephone Ksh.750 cash

May 28: withdrew ksh 700 cash for personal use

Required:

Prepare a balance sheet as at 1st May 2007 (10 marks)