

2017 KCSE JKIM joint examination paper

Business paper 2 Question paper

Answer ONLY FIVE questions in this section in the space provided

1. a) Highlight five reasons why the output approach underestimates the gross domestic product. (10 marks)

b) Explain the role of stock exchange market in the Kenyan economy. (10 marks)

2a) Highlight five advantages of a bonded warehouse to the importer. (10 marks)

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

3a) Explain four limitations of debentures as a source of capital for a company. (8marks)

b) The following information was extracted from Junia enterprises as at march 2010

Details	Sh.
Capita	20,000
Sales	240,000
Purchases	90,000
Cash at bank	20,000
Creditors	75,000
Cash at hand	10,000
Closing stock (31st 03.2013)	70,000
7 years bank loan	30,000
General Expenses	12,000
Insurance	25000
Debtors	25,000
Premises	95,000
Additional information:	
Stock 1.4.2010	160,000

Calculate:

- i). cost of goods sold
- ii). Mark – up
- iii). Margin
- iv). Rate of stock turn – over
- v). Current ratio (12 marks)

4a) Explain five ways in which legal requirements can affect a business and its operations. (10marks)

b) Explain five precautions that a drawer can take in order to ensure that his cheques

Do not bounce. (10marks)

5a) Using a well labeled diagram illustrate a movement along demand curve. (10 marks)

b) Explain five functions of a Central bank (10marks)

6a) Explain five circumstances under which a producer would prefer to sell his product

Directly to the consumer. (10 marks)

b) The following balances were extracted from the books Kilimo Traders on 31st Dec 2011.

	Ksh.
Motor vehicles	180,000
Gross profit	80,000
Carriage on sales	18,000
Premises.	248,000
Capital	390,000
Furniture	19,000
Creditors	60,000
Bank overdraft	40,000
Debtors	65,500
Insurance	4,800
Stock	25,000
Rent Income	35,800

Commission allowed	5,500
Bad debts	40,000

Required: Prepare

Profit and loss account for the period ended 31st Dec 2011 and a Balance sheet as at 31st Dec 2011.
(10mks)