

KCSE 2017 JKIM JOINT EXAMINATION
Kenya certificate of secondary education-(K.C.S.E)

NAME..... INDEX NO.....

SCHOOL.....

565/2

BUSINESS STUDIES

Paper 1

Time: 2 ½ hours

Instructions

Answer any FIVE questions in the answer sheets provided

This paper consists of 3 printed pages.

Candidates should check the questions paper to ensure that all pages are printed

And no questions are missing.

1a) Explain five factors that may inhibit implementation of development plan in a country. (10marks)

b) Prepare a balance sheet as at 31st December 2016 in order of liquidity (8marks)

2a) Explain five factors that influence the choice of a distribution channel. (10 marks)

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

3a) Explain five causes of demand pull inflation (10marks)

b) Discuss five ways in which the government may employ to increase volumes of exports (10marks)

4a) b) The following information was extracted from the books of Jkim traders as on 31st December 2016.

Details	Shs
Premises	180,000
Furniture	50,000
Debtors	61,540
Cash in hand	60,000
Capital	165,000
Additional investment	20,000
Cash in bank	2,000
5 yrs. bank loan	80,000
Creditors	77,040
Office equipment	33,500
Rent	16,540
Electricity	1,500
Commission received	3,000
Gross profit	45,000
Discount allowed	2,000
Carriage outward	5,000
Salaries	11,540

Required

a) Discuss five limitations of debentures as a source of capital for a company. (8marks)

b) Prepare trading, profit and loss account (4marks)

b) Explain how environmental conditions may affect distribution of products. (8marks)

5a) Discuss five drawbacks of general insurance (10marks)

b) Explain five sources of business ideas to potential entrepreneur (10marks)

6a) Safcom want to advertise its newly launched product. Explain five methods of advertising that it may use. (10marks)

b) Ndege enterprises commenced business on 1st may 2012 with the following

Capital Shs 650,000

Cash at bank Shs.550, 000,

Cash in Hand Shs. 50,000

Furniture Shs. 50,000

The following transactions took place during the month of May.

3rd May 2012 office equipment worth Shs. 85,000 and stock of Shs. 25,000 were bought on credit

7th May 2012 more stock worth shs.10, 000 was bought by cash

9th May 2012 withdrew money from bank sh 50,000 for office use

17th May 2012 Sold stock at cost to a customer on credit for Shs. 18,500

20th May 2012 received a cheque for the full settlement of a debt owed from the transaction

Of 17th may 2012

23rd May 2012 paid Shs. 65,000 by cheque for the office equipment bought earlier on credit

31st May 2012 paid Shs. 20,000 cash for the stock bought on credit

Required:

Prepare the balance sheet of kanji enterprises as at 31st May 2012. (10marks)

