

KCSE 2017 JKIM JOINT EXAMINATION

Kenya certificate of secondary education (K.C.S.E)

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

SCHOOL..... SIGNATURE.....

DATE:

565/2

BUSINESS STUDIES

Paper 1

Time: 2 ½ hours

INSTRUCTIONS TO CANDIDATES

1. Write your name, school and index number in the spaces provided above.
2. Sign and write the date of the examination in the spaces provided above.
3. This paper consists of **six** questions.
4. Answer **any five** questions in the spaces provided.
5. Each question carries **20** marks.
6. This paper consists of **3** printed pages.
7. Candidates should check to ensure that all pages are printed as indicated and no questions are missing.

FOR EXAMINER'S USE ONLY

QUESTIONS	1	2	3	4	5	6	TOTAL SCORE
CANDIDATE'S SCORE							

1. a) Highlight **five** ways of making face to face communication effective. (10 marks)
 b) Highlight **five** advantages of a bonded warehouse to the importer. (10 marks)
- 2 a) Explain five functions of a Central bank. (10 marks)
 b) Explain five precautions that a drawer can take in order to ensure that his cheques Do not bounce. . (10 marks)
3. a) Explain five causes of cost-push inflation. (10 marks)
 b) On 1st November 2013: Tanui Co. Ltd. had a balance of Shs. 12,000 at the bank and Shs. 2500 in hand. During the month, the following transaction took place:
 Nov. 1 Cash sales Shs. 2500, cash purchase Shs. 1750
 Nov. 3 Paid the following accounts by cheque.
 Kiprotich Shs. 1500 less 5% cash discount
 Kirwa Shs. 2000 less 5% cash discount
 Nasimiyu Shs. 2100 less 3 % cash discount
 Nov. 5 Received the following amounts from debtors,
 Omondi Shs. 1200, Jane Shs. 3850 and Mueni by cheque Shs. 2050 after allowing her Shs. 300 cash discount.
 Nov. 14 Paid office cash to the bank Shs. 2000
 Nov. 17 Cash sales 8500
 Nov. 22 Mueni paid her account of Shs. 5000 by cheque less 10% cash discount
 Nov. 28 Withdrew all the money from the bank for office use except Shs. 1000
 Nov. 29 Paid salary cash Shs. 8000
 Nov. 30 A cheque received from Mueni on Nov. 5th was dishonored.
 Prepare Tanui Co. Ltd. three column cash book. (10 marks)
 (b) (10 marks)
4. a) Explain five ways in which communication enhances trading activities. (10 marks)
 b) Explain five reasons that account for the existence of small firms in an economy. (10 marks)
5. a) Explain five differences between commercial banks and non-banking financial institutions. (10marks)
 b) Explain five measures that would be taken by a country in order to correct her balance of payment deficit. (10 marks)
6. a) Explain five circumstances under which a producer may decide to build his own warehouse. (10 marks)
 b) On 1st September 2010, Harun Traders had sh.15, 000 cash at hand and a bank overdraft of sh.40, 000. During the month the following transactions took place:
 September
 4 Kabibi, a debtor settled his account of sh.10, 000 by cheque of sh.8, and 000
 7 Deposited sh.400 into the business bank account from the cash till
 8 Paid rent by cash sh.4, 000
 14 Cash sales sh.14, 000
 17 Purchased office equipment worth sh.3, 000 paying by cheque
 18 Settled Kofi's account sh.10, 000 after being allowed a discount of 5%
 20 Received sh.6000 cash from Njeri, a debtor
 22 Hamisi, a debtor settled his sh.4000 account by cheque, having been allowed 20% discount
 25 Deposited sh.17, 000 into the bank from private sources
 30 Banked the available cash except sh.1, 000

Required:

Prepare a duly balanced three column cash book. (10 marks)

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end

