

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 2

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 **2** 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) Explain five ways in which legal requirements can affect a business and its operations. (10marks)
 (b) Highlight five reasons why the output approach underestimates the gross domestic product. (10marks)

2. (a) Explain five factors that may influence a firm's decision on the type of goods or services to produce. (10 marks)

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

3. (a) The following balances were extracted from the books kimemia enterprise on 31st Dec 2011.

Details	Ksh.
Motor vehicles	180,000
Gross profit	80,000
Carriage on sales	18,000
Premises.	248,000
Capital	390,000
Furniture	19,000
Insurance	4,800
Stock	25,000
Rent Income	35,800
Commission allowed	5,500
Bad debts	40,000
Creditors	60,000
Bank overdraft	40,000
Debtors	65,500

Required: Prepare balance sheet as at 31st December 2011 in order of liquidity (10 marks)

(b) for economy to grow, it requires enterprenuers.explain five importance of entrepreneurship to the economy of Kenya. (10 marks)

4. (a) explain five benefits of the "pooling of risks" to an insurance company. (10 marks)

(b) Explain five reasons why per capita income is not a true indicator of standards of living. (10 marks)

5. (a) explain five features of a chain store. (10 marks)

(b) explain five differences between sole proprietorship and partnership forms of business ownership. (10 marks)

6. (a) On 1st November 2013: JKIM 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;
 Dec. 1 Cash sales Shs. 25,000, cash purchase Shs. 17,750
 Dec. 3 Paid the following accounts by cheque.
 Kirop Shs. 15,000 less 5% cash discount

Kirui Shs. 20,000 less 5% cash discount
Nasimiyu shs. 27,100 less 3 % cash discount
Dec. 5 Received the following amounts from debtors,
otieno shs. 12,200, Jane shs. 3850 and Mueni by cheque shs. 1, 2050 after allowing her shs. 300 cash discount.
Dec. 14 Paid office cash to the bank shs.1, 2000
Dec. 17 Cash sales 8500
Dec. 22 Mueni paid her account of shs. 5000 by cheque less 10% cash discount
Dec. 28 Withdrew all the money from the bank for office use except shs. 11,100
Dec. 29 Paid salary cash shs. 8000
Dec. 30 A cheque received from Mueni on Dec. 5th was dishonored.
Prepare JKM Co. Ltd. three column cash book. (10 marks)

(b) Explain five benefits that would accrue to Country as a result of delocalization. (10 marks)

