

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

(b) Discuss five factors that enhances efficient running of a warehouse. (10 marks)

2. (a) Explain five factors to be considered when choosing a mean of communication. (10 marks)

(b) describe five procedures to be followed when claiming for compensation after an insured risk has occurred. (10 marks)

3. (a) The following information was extracted from Kimono books of account. . (10 marks)

details	amount
Stock (1/1/2013)	80,000
Stock (31/12/2013),	120,000
Net sales	708,000
Net purchases	640,000
Indirect expenses	8,000
Bank	180,000
Debtors	140,000
Creditors	100,000
Cash	40,000
Bank overdraft	80,000
Capital	500,000

Required.

(i) Working capital.

(ii) Current ratio

(iii) Rate of stock turnover

(iv) Mark-up percentage

(v) Margin percentage.

(vi) Rate of return on capital. (12mks)

(b) outline four sources of capital to a sole proprietor (8 marks)

4. (a) explain five shortcomings of sole proprietorship over partnership form of business ownership. (10 marks)

(b) outline five reasons why specialization and division of about is paramount in a business success. (10 marks)

5. (a) explain five positive effects of inflation to a trader. (10 marks)

(b) explain five factors that lead to unfavorable balance of payment. (10 marks)

6. (a) Outline the use of the following source documents as used in Home Trade. (10 marks)

- (i) catalogue
- (ii) advice note
- (iii) credit note
- (iv) debit note
- (v) invoice

(b) Explain five **problems** encountered in measuring national income using the income approach. . (10 marks)