

# 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 **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) Outline five ways through which a government may participate in the operations of a state corporation. (10 marks)

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

2. (a) The following balances were extracted from the books JKIM Traders on 31st Dec 2011.

Details	Amount(Ksh.)
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

(i) Profit and loss account for the period ended 31st Dec 2011.

(ii) Balance sheet as at 31st Dec 2011. (10mks)

(b) explain five errors that do not affect a trail balance. (10 marks)

3. (a) Explain five circumstances under which a producer would prefer to sell his product directly to the consumer. . (10 marks)

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

4. (a) Explain five benefits business firms enjoy as a result of government involvement in business activities. (10 marks)

(b) Explain five factors one should consider in choice of a method of product promotion. (10 marks)

5. (a) Explain five factors that encourage entrepreneurship in Kenya. (10 marks)

(b) Explain five features of a perfect competition market structure. (10 marks)

6. (a) On 1st November 2013: brother's enterprise 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.

Kiiru Shs. 1500 less 5% cash discount

Kiiru Shs. 2000 less 5% cash discount

Nasiriya Shs. 2100 less 3 % cash discount

Nov. 5 Received the following amounts from debtors,

Ondiek Shs. 1200, Jane shs. 3850 and Muga 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 Muga paid her account of Shs. 5000 by cheque less 10% cashdiscount

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 Muga on Nov. 5th was dishonored.

Prepare brothers three column cash book. (10 marks)

(b) Explain five measures put in place by the government to bring order in road transport sector in Kenya today. (10 marks)

