

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). explain five reasons why a producer may find it necessary to advertise his products. (10 marks)

(b) Explain five features of a sole proprietorship form of a business. (10 marks)

2. (a) With aid of a diagram, explain how equilibrium price and quantity is affected when supply increases followed by a proportionate decrease in demand. (10 marks)

(b). Micro-finance institutions are playing a major role in the financial matters of our county. explain five functions they perform. (10 marks)

3. (a) Discuss **five** measures that the government may take to improve the volume of exports. (10 marks)

(b) The following information related to KIBOMET HARDWARE for the month of June 2014.

Date Transaction

7/06/2014: Credit sales to Wafula sh. 70,000 and Njorogebbee sh. 60,000

10/06/2014: Credit purchase from Kipran sh. 30,000 and Susan sh. 20,000

12/06/2014: Goods returned to Kipran sh. 2,000 and Susan sh. 5,000

13/06/2014: Goods returned by Wafula sh. 3,500 and Njorogebbee sh. 1,000

25/06/2014: Wafula and Njorogebbee settled their accounts by cheque after deducting 5% cash discounts in each case.

28/06/2014: Settled Kipran and Susan's account in cash after deducting 5% cash discount in each case.

Required: Record the above transaction in relevant books of original entry. (10 marks)

4. (a) Explain **five** measures that can be taken to curb the problem of unemployment in Kenya. (10 marks)

(b) Kenya has experienced a lot of loses through road carnage. Explain five measures the government has taken to reduce further loss of lives. (10 marks)

5. (a) explain six reasons why a new business may fail. (10 marks)

(b) discuss five reasons why less developed countries are reluctant in implementing free trade agreement. (10 marks)

6. (a) karanja does not keep a complete set of accounting records. during the year ended 30th June 2006, the following balances were extracted from the books of his accounts

Details	ksh.
stock	140,000
motor vehicle	500,000
land and buildings	2,500,000
cash in hand	120,000
cash at bank	240,000
creditors	120,000
debtors	80,000
long-term loan	140,000
plant and machinery	600,000

additional information:

- karanja grew sh.140,000 from the business for private use
- opening capital was sh.200,000as at 1st July 2005
- additional capital during the year sh.120,000
- (i). prepare statement of affairs for the year ended 30th June 2006 (6 marks)
- (ii). determine profit or loss the year ended 30th June 2006 (2 marks)

(b) explain six differences between hire-purchase and credit purchase. (12 marks)

