

# 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 **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 high per capita income is not an indicator of a better living standard in an economy. (10 marks)

(b) State five reasons for government imposing of import duty. (10 marks)

2. (a) The central bank is a banker to the government. Explain five banking services it provides to the Kenya government. (10 marks)

(b) Some developed countries have a huge population made up of young persons. Explain five problems this situation could present to such countries. (10 marks)

3. (a) Explain five sources of monopoly power to a firm. (10 marks)

(b) Explain five advantages of transacting business through e-commerce

4. (a) The following information relates to Kimemia stores for the year ended 31<sup>st</sup> December 2014.

Details	shs
opening stock	150,000
closing stock	230,000
Bank	30,000
cash	40,000
Current liabilities	500,000
sales	920,000
Margin	25%
Expenses	15% of sales

Determine:

- |                              |           |
|------------------------------|-----------|
| (i). Gross profit            | (2 marks) |
| (ii). Cost of sales          | (2 marks) |
| (iii). Mark-up               | (1 marks) |
| (iv). purchases for the year | (2 marks) |
| (v). Net profit              | (3 marks) |

(b) explain five features that you would consider in establishing a warehouse for imported goods

5. (a) explain five ways in which effective management practices may to the success of a business.

(b) discuss five fiscal policy measures adopted by the government to control inflation.(10 marks)

6. (a) 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 Njoroge sh. 60,000

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

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

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

25/06/2014 : Wafula and Njoroge settled their accounts by cheque after deducting

5% cash discounts in each case.

28/06/2014 : Settled Kipran and Sossy'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)

(b) explain five features that differentiate a public limited company from a partnership form of business(10 marks)