**565/2**

**BUSINESS STUDIES**

**END TERM EXAM – OCT. 2014**

**TIME: 2½ HOURS**

**FORM 3**

**NAME …………………………............................………….… CLASS…….ADM NO:…….**

**DATE…………………..**

**Instructions to candidates**

1. *Write your name and adm. no in the spaces provided above.*
2. *Sign and write the date of the examination in the spaces provided above.*
3. *This paper consists of 6 questions.*
4. *Answer any five questions in the answer booklet provided.*
5. *All questions carry equal marks.*
6. *Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.*
7. *Candidates should answer the questions in English*.

**For examiner’s use only**

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| --- | --- | --- |
| **Questions** | **Maximum Score** | **Candidates Score** |
| **1** | **20** |  |
| **2** | **20** |  |
| **3** | **20** |  |
| **4** | **20** |  |
| **5** | **20** |  |
| **6** | **20** |  |
|  | **TOTAL SCORE** |  |

1. (a) Discuss **five** negative effects of inflation in an economy. (10 marks)

1. Explain **five** differences between monopolistic market structure and

monopoly market structure. (10 marks)

2. (a) Since the year 2005 many small business in Kenya have expanded and

grown into large enterprises. Explain **five** causes of business success

in Kenya. (10 marks)

(b) Explain **five** principles of public expenditure. (10 marks)

3. (a) Explain **five** principles of insurance. (10 marks)

1. On 1st February 2010, Juma traders had cash in hand of Shs.10,000

and cash at bank of Shs.15,000. The following transactions took place

during the month.

Feb 2: Bought goods in cash Shs.1,500.

Feb 5: Received cheques from the following debtors after allowing

a 2% discount in each case Luka Kshs.980 and Reja Shs.1,470.

Feb 7: Paid the following accounts by cheque in each case deducting

a 5% discount Milo Shs.3,000 and Mango Kshs.1,200.

Feb 12: Jambi settled her account of Kshs.2,000 in cash and deducted

2% cash discount.

Feb 14: Cash sales Shs.2,000.

Feb 15: Received cash from Abdul Shs.2910 after having allowed him

a 3% cash discount.

Feb 16: Banked all the cash a part from Shs.1,000.

Required:

Prepare a **three** column cashbook and balance it off. (10 marks)

4. (a) Explain **five** advantages enjoyed by a customer who utilizes M-banking. (10 marks)

1. Explain **five** measures that Kenya can take to solve the problem of

unemployment. (10 marks)

5. (a) Explain **five** uses of national income statistics to an economy. (10 marks)

(b) Explain **five** reasons why countries prepare development plans. (10 marks)

6. (a) Explain **five** differences between public corporation and public limited

companies. (10 marks)

1. The following balances were extracted from the books of accounts of

Mambo Leo Enterprises as at 31st December 2010.

Shs.

Stock (31st December 2010) 294,600

Carriage outwards 20,000

Carriage inwards 31,000

Return outwards 32,200

Purchases 1,187,000

Sales 1,851,000

Discounts received 19,000

Salaries and wages 362,800

Discounts allowed 30,400

Insurance 36,800

Stock (1st January 2010) 236,000

**Required**

Prepare the trading, profit and loss account for the year ended 31st

December 2010. (10 marks)