**SUNSHINE SECONDARY SCHOOL**

**FORM 3**

**BUSINESS STUDIES**

**PAPER 1**

**END TERM EXAM – OCT 2015**

**TIME: 2 HOURS**

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

**INSTURCTIONS TO CANDIDATES**

1. Write your name and adm. no in the spaces provided above.
2. Sign and write the date of examination in the spaces provided above.
3. Answer ALL the questions.
4. All answers should be written in the spaces provided in this booklet.
5. This paper consists of 8 printed pages
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 all the questions in English

**FOR EXAMINER’S USE ONLY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Question | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Candidate’s score |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Question | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| Candidate’s score |  |  |  |  |  |  |  |

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| --- |
|  |

 TOTAL MARKS

1. List four advantages of a declining population. (4 mks)
2. ………………………………………………………………………………………….
3. ………………………………………………………………………………………….
4. ………………………………………………………………………………………….
5. ………………………………………………………………………………………….
6. State four reasons why supermarkets are more popular in Kenya. (4 mks)
7. ………………………………………………………………………………………….
8. ………………………………………………………………………………………….
9. ………………………………………………………………………………………….
10. ………………………………………………………………………………………….
11. Highlight four types of unemployment in an economy. (4 mks)
12. ………………………………………………………………………………………….
13. ………………………………………………………………………………………….
14. ………………………………………………………………………………………….
15. ………………………………………………………………………………………….
16. Indicate whether the following resources are renewable or non-renewable. (4 mks)

Resource Classification

1. Solar energy ……………………………………………………………….
2. Natural gas ……………………………………………………………….
3. Wood ……………………………………………………………….
4. Gold ……………………………………………………………….
5. Give four features of a public limited company. (4 mks)
6. ………………………………………………………………………………………….
7. ………………………………………………………………………………………….
8. ………………………………………………………………………………………….
9. ………………………………………………………………………………………….
10. Mata had a car valued at sh 500,000 which he insured for sh 400,000. Later, the car was involved in an accident in which it was extensively damaged and written off.
11. Calculate the amount that Mata is entitled to claim from the insurance company. (3 mks)
12. Give a reason for your answer. (2 mks)

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1. Give four ways in which business ideas can be generated. (4 mks)
2. ………………………………………………………………………………………….
3. ………………………………………………………………………………………….
4. ………………………………………………………………………………………….
5. ………………………………………………………………………………………….
6. For each of the following indicate the account to be debited or credited. (4 mks)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Transaction | A/C to Dr | A/C to Dr |
| (a) | Credit sales to Obonyo |  |  |
| (b) | Bought a furniture on credit |  |  |
| (c) | Bought goods on credit from Kwama. |  |  |
| (d) | Cash purchases from wafula. |  |  |

1. State four reasons why the government of Kenya encourages decentralization of industries. (4mks)
2. ………………………………………………………………………………………….

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1. ………………………………………………………………………………………….

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1. ………………………………………………………………………………………….

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1. The government has raised retirement age of civil servants from 55 years to 60 years. Highlight four effects of such a move. (4 mks)
2. ………………………………………………………………………………………….

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1. ………………………………………………………………………………………….

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1. ………………………………………………………………………………………….

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1. ………………………………………………………………………………………….

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1. Highlight four features of a monopoly. (4 mks)
2. ………………………………………………………………………………………….
3. ………………………………………………………………………………………….
4. ………………………………………………………………………………………….
5. ………………………………………………………………………………………….
6. Outline four measures that should be taken to ensure smooth functioning of the warehouse.
7. mks)
8. ………………………………………………………………………………………….
9. ………………………………………………………………………………………….
10. ………………………………………………………………………………………….
11. ………………………………………………………………………………………….
12. State four factors that are considered in determining premiums to be charged. (4 mks)
13. ………………………………………………………………………………………….
14. ………………………………………………………………………………………….
15. ………………………………………………………………………………………….
16. ………………………………………………………………………………………….
17. State the type of advertisement described below. (4 mks)
18. It is meant to promote the name of the business enterprise.

………………………………………………………………………………………….

1. Aims at giving general information to consumers about the availability of a certain product.

………………………………………………………………………………………….

1. Using famous persons in advertisement campaigns.

………………………………………………………………………………………….

1. Aims at promoting the sales of a particular brand of a product.

………………………………………………………………………………………….

1. Highlight four differences between the invoice and the proforma invoice. (4 mks)

|  |  |  |  |
| --- | --- | --- | --- |
|  | The invoice |  | The proforma invoice  |
| (a) |  | (a) |  |
|  |  |  |  |
| (b) |  | (b) |  |
|  |  |  |  |
| (c) |  | (c) |  |
|  |  |  |  |
| (d) |  | (d) |  |
|  |  |  |  |

1. State four methods of government involvement in business activities. (4 mks)
2. ………………………………………………………………………………………….
3. ………………………………………………………………………………………….
4. ………………………………………………………………………………………….
5. ………………………………………………………………………………………….
6. Shakil started a business on 1st January 2013 with sh 15000 in cash and sh 130000 in bank. The following transactions took place during the month.

|  |  |
| --- | --- |
| 2013 |  |
| Jan 2: | cash purchases sh 70,000 |
|  4: | Paid rent sh 10,000 |
|  10: | Cash sales paid direct into the bank sh 64,000 |
|  13: | Deposited sh 50,000 into the bank from cash till. |
|  19: | Bought furniture for sh 36,000 paying sh 27,000 by cheque and the balance to be paid later |
|  20: | Received sh 16,000 cash from a customer. |
|  23: | Bought goods sh 190,000 by cheque. |
|  28: | Received a loan of sh 210,000 from Musamali in cash. |
|  30: | Deposited all cash into the bank except sh 8,000. |

Prepare a two column cash book duly balanced on 31st January 2013. (6 mks)

1. State four difficulties consumers face when satisfying human wants. (4 mks)
2. ………………………………………………………………………………………….
3. ………………………………………………………………………………………….
4. ………………………………………………………………………………………….
5. ………………………………………………………………………………………….
6. The following account balances were obtained from the books of Obwogo Traders on 30th June 2008.

|  |  |
| --- | --- |
|  | Shs |
| Machinery | 480,000 |
| Current liabilities | 880,000 |
| Land & buildings | 450,000 |
| Current Assets  | 620,000 |
| Capital | 300,000 |

Prepare Obwogo Traders’ Trial balance as at 30th June 2008. (4 mks)

1. State four circumstances under which sign language may be used in carrying business activities. (4 mks)
2. ………………………………………………………………………………………….
3. ………………………………………………………………………………………….
4. ………………………………………………………………………………………….
5. ………………………………………………………………………………………….
6. State the type of error committed in each of the following. (4 mks)

|  |  |  |
| --- | --- | --- |
|  | Entry | Type of error |
| (a) | Purchases account was overcast by sh 35000 while sales account was also overcast by 35000. |  |
| (b) | Repairs on motor vehicle sh 20000 was debited on motor vehicle account. |  |
| (c) | Purchase of furniture on credit from Mboya sh 45000 was credited in Mboya’s account. |  |
| (d) | Credit sales of sh 130000 to Amina was recorded as sh 310000 in both sales and Amina’s account. |  |

1. Outline four characteristics of underdevelopment. (4 mks)
2. ………………………………………………………………………………………….
3. ………………………………………………………………………………………….
4. ………………………………………………………………………………………….
5. ………………………………………………………………………………………….
6. The diagram below shows a shift in the demand curve of a commodity from D0D0 to D1D1.



Outline four factors that may have contributed to the above shift.

1. ………………………………………………………………………………………….
2. ………………………………………………………………………………………….
3. ………………………………………………………………………………………….
4. ………………………………………………………………………………………….
5. KL traders had the following information in its books of account on 1st Jan 2012.

|  |  |
| --- | --- |
|  | Ksh |
| Bank overdraft | 38,000 |
| Machinery | 500,000 |
| Cash at bank | 40,000 |
| Capital | 620,000 |
| Cash at hand | 100,000 |
| Stock | 30,000 |
| Debtors | 38,000 |
| Creditors | 50,000 |

For the year ended 31st Dec, 2012, the following information was available.

1. Sold all the stock for Ksh 60000 and received the amount by cheque.
2. Bought into the business cash from a private source sh 200000.

Required: Prepare a balance sheet as at 31st December, 2012. (5 mks)

1. State four advantages of railway transport. (4 mks)
2. ………………………………………………………………………………………….
3. ………………………………………………………………………………………….
4. ………………………………………………………………………………………….
5. ………………………………………………………………………………………….
6. Open the ledger account using the following information. (4 mks)

On 1st Jan 2012: Started business with Ksh 50,000 in cash

On 2nd Jan 2012: Bought goods on credit from Ms Traders with Ksh 5000.

On 3rd Jan 2012: Paid ML Ksh 3000 in cash

On 4th Jan 2012: Paid salaries Ksh 10,000 in cash.