**ELERAI MCK GIRLS SECONDARY SCHOOL**

**BUSINESS STUDIES FORM III**

**END OF TERM II EXAM 2014**

1Highlight four problems that are likely to be faced by a firm as a result of expansion of the entire industry.(4mks)

2. Enter the following transactions in the relevant ledger accounts.

i) Purchased delivery van from cmc motors for sh.350, 000 paying by cheque.

ii) Atieno a debtor paid fully her account of sh.18, 000 in cash.

iii) Deposited cash 200,000 in the bank

iv) Sold goods to kemboi for sh 15000 in the bank.

3. Highlight four differences between monopoly and monopolistic market. (4mks)

4.the following table show the demand of tomatoes.

|  |  |
| --- | --- |
| Price of tomatoes(shs) | Qty demanded of tomatoes per week(kg) |
| 50 | 10 |
| 100 | 8 |
| 150 | 6 |
| 200 | 4 |
| 250 | 2 |

From the above demand schedule plot a demand curve for tomatoes.(4mks)

6. Outline the roles played by intermediaries in the chair of distribution.(4mks)

7. Upendo traders had the following information extracted from their books of accounts as at 31st

December 2012.

Sh

Capital (01.01.2011) 3,500,000

Profit 824,440

Drawings for the year 35,220

Capital (31.12.2012) 5,000,000

**Required:**

Calculate additional investment for the year.(4mks)

8. The manager of ENOOSEAN sugar company has vowed to improve the company`s yield by 60%

through labour motivation .state four ways by which he can achieve this.(4mks)

9. The following balances were obtained from the book of ole nkanai traders for the month ended 29th

February 2012.

Sh

Purchase 24,000

Sales 420,000

Equipment 120,000

Furniture 300,000

Debtors 60,000

Creditors 20000

Expenses 140,000

Capital 420,000

Prepare a trial balance of ole nkanai traders for the month ended 29th February 2012.(4mks)

10. Highlight four factors that may hinder the expansion of small scale business enterprises.(4mks)

11. Describe the following types of unemployment.(4mks)

i) Disguised unemployment

ii) Seasonal unemployment.

12. Differentiate between derived demand and joint demand.(2mks)

13. Distinguish between oligopoly and perfect competition. (4mks)

14. In the spaces provided, indicate with a (+) or (-) the effects of each one of the following transaction o

the assets, liabilities or capital.

|  |  |  |  |
| --- | --- | --- | --- |
| Transaction | assets | liabilities | assets |
| i)bought furniture on credit |  |  |  |
| Paid creditors by cash |  |  |  |
| iii) Withdrew cash for personal use. |  |  |  |
| iv)converted a personal car for office use |  |  |  |

15. Identify four channels a manufacturer would use to distribute his goods to customer.(4mks)

16. The following balances were extracted from the books of dipa traders as at 31st December 2000

Building 100,000

Debtors 54,000

Capital 136000

Sales 85,000

Purchase 48,000

Stock Jan 2000 25,500

Creditors 37,500

General expenses 31,800

Bank overdraft 2,500

Prepare a trial balance as at 31st December 2000.(4mks)

18. Give four reasons why small scale firms may continue to exist in an economy dominated by large

scale firms.(4mks)

19. Give four benefits of external economies of scale.(4mks)

20. With the aid of a diagram, show the effect of an increase in supply on equilibrium price and

equilibrium quantity.(4mks)

21. Classify the following as either impersonal or private accounts and indicate a ( ) whether their

balances are either debit or credit balances.(4mks)

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Type of account | Dr | Cr |
| capital |  |  |  |
| creditor |  |  |  |
| wages |  |  |  |
| Cash in hand |  |  |  |

22. State the effects of the following business transactions on the balances sheet.(4mks)

|  |  |
| --- | --- |
| Transaction | Effects on the balance sheet |
| Bought stock on credit |  |
| Returned goods to suppliers |  |
| Paid rent by cash |  |
| Sold goods on credit |  |

23. Highlight four factors that affect the circular flow of national income.(4mks)

24. Show using curves how increased subsidies may affect supply of cabbages in the market, price

remaining constant.

25. Outline four factors that may accelerate growth of a firm.(4mks)