**GATITU MIXED SECONDARY SCHOOL**

**BUSINESS STUDIES FORM 3 END OF TERM 2 2013 EXAM OUT OF 80MKS**

1. State four circumstances under which an insurance contract may be terminated. 4mks
2. Outline four difficulties faced by human beings in satisfying their wants. 4mks
3. Outline four features of oligopoly market. 4mks
4. Highlight FOUR factors to consider when selecting an office layout. 4mks
5. The cheque below was presented to the bank by the payee on 10/04/2008. Identify four reasons that made the cheque be dishonoured. 4mks
6. Give four circumstances under which a person could use signals to communicate with another. 4mks
7. The following information relates to Mwomboko Traders as at31.12.2010

Kshs.

Fixed Assets 800,000

Stock 240,000

Current liabilities 120,000

Net profit for current year 200,000

Calculate:

1. Rate of return on capital employed. 2mks
2. Current ratio 2mks
3. Highlight four sources from which government raises its revenue. 4mks
4. Outline FOUR benefits that a company would get by raising capital through sale of ordinary shares 4mks
5. Describe FOUR channels of distribution of imported goods 4mks
6. Highlight four limitations of advertising goods in newspapers. 4mks
7. Outline four benefit of being a member of any SACCO in Kenya. 4mks
8. Highlight four benefits of buying goods from departmental store. 4mks
9. Outline FOUR features of sole proprietorship form of business. 4mks
10. Outline FOUR circumstances in which a trader may offer after sale services to the buyer. 4mks
11. In the spaces provided below, state whether each of the following transaction will increase, decrease or have no effect on the balance of capital of a business. 4mks
12. The figure below shows a decrease in demand from DD to D1D1. State four possible causes that have led to this situation. 4mks
13. The following information relates to MAZA traders as at 30th June 2009.

SH.

Machinery 100,000

Furniture 50,000

Premises 200,000

Debtors 80,000

Cash in hand 5,000

Bank overdraft 50,000

Creditors 20,000

Calculate capital for MAZA traders as at 30th June 2009 6mks

1. The following balances were extracted from books of KIRIFA TRADERS on 1st Jan 2008

Capital 600,000

Creditors 180,000

Motor van 200,000

Furniture 200,000

Stock 60,000

Debtors 80,000.

Cash 240,000

The following transactions took place during the year ended 31st December 2008

1. Sold furniture worth ksh 60,000 for which ksh 40,000 cash was received and the balance was due at the end of the year.
2. Purchased goods worth ksh 100,000 for which cash of ksh70,000 was paid and the balance was still outstanding at the year.
3. Cash ksh 10,000 was taken from the business by the proprietor to settle the spouse’s hospital bill

Required:

Draw KIRIFI TRADERS balance sheet as at 31st December 2007 showing the items in their relevant classes. 10mks