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 **ST CLARE GIRLS HIGH SCHOOL GATITU BUSINESS STUDIES CAT ONE 2ND TERM2018 FORM4**

1. The following is a list of source documents. Indicate the book of original entry supported by each document. (4mks)

|  |  |
| --- | --- |
| Document  | Book of original entry  |
| (i) Incoming invoice  |  |
| (ii) Outgoing credit note  |  |
| (iii) Outgoing invoice  |  |
| (iv) Cash receipt  |  |

2. The following details were extracted from the books of Mumo traders for the year

 ending 30th June 2013.

 Sh

 Stock of goods on 1/7/2013 120,000

 Stock of goods on 30/6/2013 100,000

 Purchases 650,000

 Return outwards 40,000

 Return inwards 30,000

 Sales 900,000

 Required:

 Prepare the trading account for the period ending 30th June 2013. (4 marks)

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3. State four characteristics of oligopolistic market. (4 marks)

 (i)………………………………………………………………………………………………….

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 (ii)…………………………………………………………………………………………………..

 (iii)………………………………………………………………………………………………….

 (iv)…………………………………………………………………………………………………..

4. Mention four adverse effects of inflation in a country. (4 marks)

 (i)………………………………………………………………………………………………….

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 (ii)…………………………………………………………………………………………………..

 (iii)………………………………………………………………………………………………….

 (iv)…………………………………………………………………………………………………..

5 State **four** characteristics of money (4msrk)

 (i)………………………………………………………………………………………………….

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 (ii)…………………………………………………………………………………………………..

 (iii)………………………………………………………………………………………………….

 (iv)…………………………………………………………………………………………………..

6. Record the following transaction in a two column cash book of Sengani traders and

 balance it off. (4 marks)

 1st Jan 2010: Started business with sh. 20,000 cash and sh. 45,000 at bank.

 4th Jan: Sold goods on credit to make sh. 2,800.

 5th Jan: deposited sh 5,000 into bank.

 12th Jan: Bought goods in cash 3000

 15th Jan: Sold a personal motorcycle and deposited sh.40, 000 into business bank account.

 20th Jan: Paid salaries sh. 8000 by cheque.

22nd: Received a cheque of sh. 2000 from mark , a debtor.

TWO COLUMN CASHBOOK

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| DATE | DETAILS | FOLIO | CASH | BANK |  | DATE | DETAIL | FOLIO | CASH | BANK |
|  |  |  |  |  |  |  |  |  |  |  |

7. The following transactions were extracted from the records of Fanaka provision shop (4mks)

 2017

 02/04: Started business by depositing a cheque of sh 250,000 in a business bank account

 09/04: Withdrew sh 50,000 from the business bank account out of which sh 30, 000 was used to

 purchase equipment and the rest was retained for office use

 10/04: Purchased stock on credit for sh 40,000 from central stores

 Enter the transactions above in the appropriate ledger accounts for the business.

8. Use the following balances to prepare Nandi balance sheet as at 31st January 2016

 Motor vehicle 230,000

 Machinery 40,000

 Creditors 10,000

 Debtors 5,000

 Cash at hand 20,000

 Stock 10,000

Rent prepaid 5,000

Bank 25,000

Premises 335,000

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9. The following figures relates to the retail business of Omondi for the Month of July 2012

 Sales 50,000

 Expenses were 10% of sales

 Cost of good sold 40,000

 Calculate:

 (i) Mark-up

 (ii) Margin

 (iii) Total Expenses

 (iv) Net profit (4mks)

Marking scheme

17. Mumo traders

 Trading account

 For the year ended 30th June 2012

 Sh

Opening stock 120,000√ sales 900,000√

 Less return inwards 30,000√

 Purchases 650,000√ 870,000√

 Less return outward 40,000√

 610,000√

 Cost of goods available for sale 730,000√

 Less closing stock 100,000√

 Cost of sale 630,000√

 G.P 240,000√

 870,000√ 870,000√

 1/3 x12= 4 marks

22. Two column cash book

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date  | Details | F | Cash  | Bank | Date | Details | F | Cash | Bank |
| Jan 1 5  15 22 23 | CapitalCashCapitalMarkBal c/d |  | 20,000√20,000012,000√ | 45000√5000√40,000√2000√92,00084,000√ | Jan 5 12 20 | BankPurchasesSalariesBal c/d |  | 5000√3000√12,000√20,000 | 8000√84,000√92,000 |

 1/3 x12 =4 marks

 9.

 Dr Capital A/C Cr

 Apr. 2 Bank A/c 250,000

 Dr Bank A/C Cr

 Apr. 2 Capital 250,000 Apr. 4 Equipment 30,000

 Cash 20,000

 Dr. Equipment A/C Cr

 Apr. 4 Bank 30,000

 Dr Cash A/C Cr

 Apr. 4 Cash 20,000

 Dr Purchases A/C Cr

 Apr. 10 Central stores 40,000

 Dr. Central stores A/C Cr

 Apr. 10 Purchases 40,000

 8 x ½ = 4mks

13. (i) Purchases journal

 (ii) Sales returns journal

 (iii) Sales journal

 (iv) Cash payment journal

23. State four factors which may favour existence of a monopoly

 - Control of an important factor of production

 - Ownership of production rights by one firm

 - The size of the firm may be such that it is best served by one firm

 - When group of firms combines to act as one/amalgamation

 - Where the initial cost is too high making it difficulty for other firms to enter the industry

24. Highlight four factors that likely to contribute to unemployment in a country

 - Rapid population growth

 - Rural urban migration

 - Inappropriate system of education

 - Use of inappropriate technology

 - Seasonality in production

9. - Few sellers.

 - there is interdependence in decision making.

 - Firms are faces with linked demand curve

 - Engage in non-price competition.

 - product have close substitute 4 x1=4 marks

19. Adverse effects of inflation in a country.

 (a) Reduction in sales volume of firms.

 (b) Decline in standards of living.

 (c) Loss of confidence in the monetary system.

 (d) Conflict between employers and employees.

 (e) Wastage of time.

 Any 4 x1=4 marks

1. ***characteristics of money***

(a). Acceptable

(b). Portable

(c). Divisible

(d). Durable

(e). Generally stable

(f). Homogenous / Uniformity

(g).Scarce / limited in supply

(h). Easy to recognize

(i). Malleability.

1. Factors to consider in appropriate filling system
* Simplicity of the system
* Space
* Suitability
* Elasticity
* Safety
* Accessibility
* Economical 4 x 1 = 4 mks
* High dependency ration
* High rate of unemployment
* Increased social evil
* Pressure on goods and services required by the youth
* Reduced saving and investments
* Diversion of government expenditure
1. Conditions for credit note

Matter due to following reasons

* When goods have been returned to the seller
* When there was an undercharge o n the invoice
* When empty containers were delivered to the customer
* When wrong goods are packed
1. Sources of internal economies of scale
* Adequate marketing skills
* Adequate finance
* Ability of risk bearing
* Good management
* Technical economies
* Ability of doing research
* Good welfare economies
1. Nandi opening formal entries

Nandi opening in the General formal

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particular | Fl | Dr. | Cr. |
| 31st Jan 2012 | Vehicle | - | 230,000 |  |
|  | Machinery | - | 40,000 |  |
|  | Debtors  | - | 5000 |  |
|  | Cash at hand | - | 20000 |  |
|  | Stock | - | 10000 |  |
|  | Rent prepaid | - | 5000 |  |
|  | Bank | - | 25000 |  |
|  | Premises | - | 335000 |  |
|  | Creditors | - |  | 10,000 |
|  | capital | - |  | 660,000 |

 670, 000 670,000

1. i) mark up = $\frac{Gross profit}{Cost price}$or 

 20/100 x 40,000 = 8,000

 = 40, 000 + 8,000 = 8000/40, 000

 Sales = 48, 000

1. Functions of central Bank
* Issuing currency to the economy
* Banker to commercial banks
* Acts as government bank
* Control commercial banks
* Acts as a link Bank to external institutions
* Maintains stability in exchange rates
* lenders of last Resort
* Facilitate clearing of cheques
* Administer public debts
* Control monetary system
1. – Delayed payment
* Unfair deductions
* Bureaucracy i.e. procedure to be followed
* Delayed collection of produce leading to deterioration of quality
* Corruption or fraud
* Poor management of the boards
* Farmers have no say on pricing of the produce
1. Trends in Business ownership
* Privatization
* Globalization
* Amalgamation/merger
* Franchising
* Internet