NAME………………………………………………………………..CLASS…………………………ADM NO. ……………………………….

3KNT

END OF TERM TWO EXAM

JULY/AUGUST 2017

BUSINESS STUDIES 565/1

PAPER ONE

TIME 2 HRS

ANSWER ALL THE QUESTIONS ON THE SPACES PROVIDED.

1.State four features of land as a factor of production. (4 mks)

i)

ii)

Iii)

iv)

2.State two items in the circular flow o income that constitute: (4 mks)

a)Injection.

i)

ii)

b)Withdrawals.

i)

ii)

3.Give four differences between private warehouse and a public warehouse. (4 mks)

|  |  |
| --- | --- |
| Private warehouse | Public warehouse |
| i) |  |
| ii) |  |
| iii) |  |
| iv) |  |

4.

S2

S1

price

S2

S1

Quantity supplies

State four factors that may have caused the change shown in the diagram above. ( 4mks)

i)

ii)

iii)

iv)

5.Commerce is the study of trade and aids to trade. List four aids to trade. (4 mks)

i)

ii)

iii)

iv)

6.Highlight four services offered to manufacturers by wholesalers. (4 mks)

i)

ii)

iii)

iv)

7.Highlight four characteristics of underdevelopment. ( 4mks)

i)

ii)

iii)

iv)

8.John a businessman wants to open an account with equity bank. Give four reasons why you should advice him to open a current account. (4 mks)

i)

ii)

iii)

iv)

9.The following balances were extracted from the books of Kaguru traders on 30th June 2016.

Fixed assets shs 300,000

Current assets shs 123,700

Creditors shs 84,500

5 year loan shs 125,000

Determine the networth of the business as at 30th June 2016. (4 mks)

10.The following cash A/C with mistakes was observed in a certain business. identify the mistakes and prepare a corrent cash A/C ( 4 mks)

|  |  |
| --- | --- |
| Jan 1 capital 100,000  Jan 4 purchases 50,000  Jan 30 Rent paid 40,000  Jan 31 Bal d 20,000 | Jan 15 commission received 110,000  Jan 16 drawings 10,000  Jan 23 General expenses 90,000 |

CR CASH A/C DR

|  |
| --- |
|  |

11.The following transactions took place in a business during the month of February 2017.

1 Feb Bought goods on credit worth sh 90,000 from Nyaga

5 Feb Received an invoice from Mukami for shs 40,000

10 feb Bought goods from Moko worth shs 20,000 and payment was to to be made in March 2017.

Prepare the relevant book of original entry for the business. (4 mks)

12.Highlight four methods that the government uses to protect consumers. (4 mks)

i)

ii)

iii)

iv)

13.Outline the circumstances under which each of the following characteristics of human wants may be observed. (4 mks)

a)Wants are universal

b)Wants are complementally.

14.The government spends money on the following items.Indicate the category of government expenditure each item relates to: (4 mks)

Item Type of government expenditure

a)Payment to elderly citizens .

b)Famine relief food .

c)Constructing of roads .

d)Servicing public debt .

15.State the meaning of the following principals of insurance. ( 4 mks)

a)Subrogation

b)Contribution

c)Insurable interest

d)Indemnity

16.Outline four types of resources that are important in a business. (4 mks)

I0

ii)

iii)

iv)

17.Give three reasons why celebrities are commonly used in advertising of products. (3 mks)

i)

ii)

iii)

iv)

18.Highlight four factors that may encourage entrepreneurship among young people in Kenya. (4 mks)

i)

ii)

iii)

iv)

19.State four features of a monopoly market (4 mks)

i)

ii)

iii)

iv)

20.Outline four benefits that a country gets by getting involved in international trade (4 mks)

i)

ii)

iii)

iv)

21.Highlight four causes of unemployment in Kenya. (4 mks)

i)

ii)

iii)

iv)

22.The following balances were got from the books of Njuki Traders on 1st January 2017.

Furniture sh 50,000

Bank ovedraft sh 5,000

Stock sh 5,000

Debtors sh 7,000

Cash sh 9,000

Capital sh 66,000

The following transactions took place during the month of January .

-Paid half the bank overdraft by cash.

-Withdrew goods worth shs 1000 for personal use

-Received shs 3000 cash from debtors.

-Sold a piece of furniture worth shs 10,000 on credit.

Prepare Njuki Traders balance sheet at the end of January 2017.

23.Ebenezer Traders had the following balances on 1st July 2013. Cash shs 2500

Bank shs 500(cr)

July 2:Paid wages in cash shs 300

July 3:Received a chequed of sh 4500 from james having allowed a 10 cash discount.

July 4:Settled Peters A/c of shs 900 in cash

July 10:Banked all the cash except shs 200

Required:Prepare Ebenezer traders cash book fuly balanced. (4 mks)

24.The following information was extracted from the books of kawira Traders.

Rate of turn over 3 tomes.

Mark –up 20

Opening stock shs 160,000

Closing stock shs 200,000

Calculate:

i)Gross profit (3 mks)

ii)Sales (1 mk)

25.Highlight four channels that can be used by a manufacturer to distribute goods in home trade. (4mks)

I)

ii)

iii)

iv)