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

565/1

**BUSINESS STUDIES FORM THREE**

**PAPER 1**

**JULY 2017**

**TERM 2 2017**

**Time: 2 hrs**

**MWAKICAN JOINT EXAMINATION**

**INSTRUCTIONS TO CANDIDATES**

* Write your name, class and admission number in the spaces provided
* Answer all questions in the spaces provided
* All answers must be written in English

1. Highlight any four benefits to a business that adopts a landscape office layout. (4mks)
2. Name any four types of small-scale retailers with shops. (4mks)
3. Indicate whether the following document used in home trade is written by the seller or the buyer. (4mks)

|  |  |
| --- | --- |
| **Document** | **Seller or buyer** |
| 1. Letter of inquiry |  |
| 1. Acknowledgment note |  |
| 1. A price list |  |
| 1. Goods damaged note |  |

1. Outline any four external factors that may negatively affect a business. (4mks)
2. Indicate whether the following are producer or consumer goods. (4mks)
3. Irrigation Water -
4. A private vehicle -
5. A sewing machine used in a tailor’s shop -
6. A pair of shoes -
7. Give any four advantages of a sole proprietorship form of business unit. (4mks)
8. Prepare a simple balance sheet from the following information relating to Jalali traders as at 30th June, 2016. (5mks)

|  |  |
| --- | --- |
|  | Shs. |
| Stock of goods | 70,000 |
| Bank overdraft | 5,000 |
| Total expenses | 20,000 |
| 5 yr loan | 500,000 |
| Plant and machinery | 800,000 |
| Cash at hand | 30,000 |
| Creditors | 10,000 |

1. Give any four reasons why a firm may be located near the source of its raw materials. (4mks)
2. State whether the following factors are withdrawals or injections in the circular flow of income. (4mks)

|  |  |
| --- | --- |
| **Factor** | **Withdrawal/injection** |
| 1. Taxes |  |
| 1. Savings |  |
| 1. Investments |  |
| 1. Imports |  |

1. Indicate with a tick ( ) whether the following transactions will lead to increase, decrease or no effect to the Balance sheet totals. (4mks)

|  |  |  |  |
| --- | --- | --- | --- |
| Transaction | Increase | Decrease | No effect |
| 1. Paid creditors in cash |  |  |  |
| 1. Received a cheque from a debtor |  |  |  |
| 1. Purchased stock of goods on credit |  |  |  |
| 1. Obtained a bank loan and received a cheque |  |  |  |

1. State any four uses of computers in communication. (4mks)
2. The diagram below shows the demand and supply of a commodity in the market.

Quantities

Price

X

Y

X

P

Y

W

z

Name (4mks)

1. Curve yy –
2. Point p –
3. Point z –
4. W –
5. Give four measures that a firm may take to reduce pollution of the environment. (4mks)
6. Outline any four channels of distribution for locally manufactured goods. (4mks)
7. State any four benefits of over population in a country. (4mks)
8. Give any four characteristics of goods. (4mks)
9. State any four essential elements of transport. (4mks)
10. State any four principles of insurance (4mks)
11. Give any four characteristics of a perfectly competitive market. (4mks)
12. a) State the law of supply. (1mk)
13. Mention any three methods of determining the prices in a market. (3mks)
14. Give any four benefits to a firm that has its own warehouse. (4mks)
15. Give any four benefits of advertising through radio. (4mks)
16. Highlight any four problems facing the transport sector in Kenya today. (4mks)
17. The following is a format of the debit side of a ledger account.

|  |  |  |  |
| --- | --- | --- | --- |
| Z | Particulars | X | W |
|  |  |  |  |

Name the columns labeled X, W, Z. (3mks)

1. Z is
2. X is
3. W is
4. Give any four circumstances under which written communication is used. (4mks)