NAME..

INDEXNO... CLASS........................

GATITU GIRLS MID-TERM EXAM 2ND TERM 2016 FORM THREE

BUSINESS STUDIES PAPER 1
TIME: 2 HOURS.

1.   State **four** ways in which the utility of a commodity can be increased.   (4mks)

   (i)   _____
   (ii)   _____
   (iii) _____
   (iv)   _____

2.   Outline **four** features of a re-insurance company.   (4mks)

   (i)   _____
   (ii)   _____
   (iii) _____
   (iv)   _____

3.   Outline **four** characteristics of chain stores.   (4mks)

   (i)   _____

   (ii)   _____

   (iii) _____

   (iv)   _____

4.   Outline **four** reasons for the continued use of human porter age today despite the
     advancement in transport technology.   (4mks)

   (i)   _____

   (ii)   _____

   (iii) _____

   (iv)   _____

5.   Outline **four** courses of unemployment.   (4mks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

6. Outline **four** principles of co-operatives. (4mks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

7. Outline **four** implications of a young population on the economy. (4mks)

(i) _____
(ii) _____

(iii) _____

(iv) _____

8. Outline **four** basic points an entrepreneur considers when formulating a business idea. (4mks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

9. Highlight **four** benefits that a subsistence producer may get by participating in the exchange of goods. (4mks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

10. Outline **four** importance of filing in a business. (4mks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

11. State **four** ways in which the government mainly regulate business activities in Kenya. (4mks)

(i) _____
(ii) _____
(iii) _____
(iv) _____

12. Kyalo had the following balances at the end of the trading period 31st December 2012.

	Shs.
Cash	40,000
Creditors	140,000
Premises	400,000
Fixtures	180,000
Insurance owing	160,000
Prepaid rent	100,000
Debtors	70,000

Prepare Kyalo's balance sheet as at 31st December 2012. (4mks)

13. State **four** circumstances leading to the dissolution of a company through a court order.
(4mks)

(i) _____
(ii) _____
(iii) _____
(iv) _____
_____

14. State **four** assumption of the flow of income in a two sector economy.   (4mks)

(i) _____
(ii) _____
(iii) _____
(iv) _____
_____

15. Outline **four** differences between monopoly and monopolistic competition market structures. (4mks)

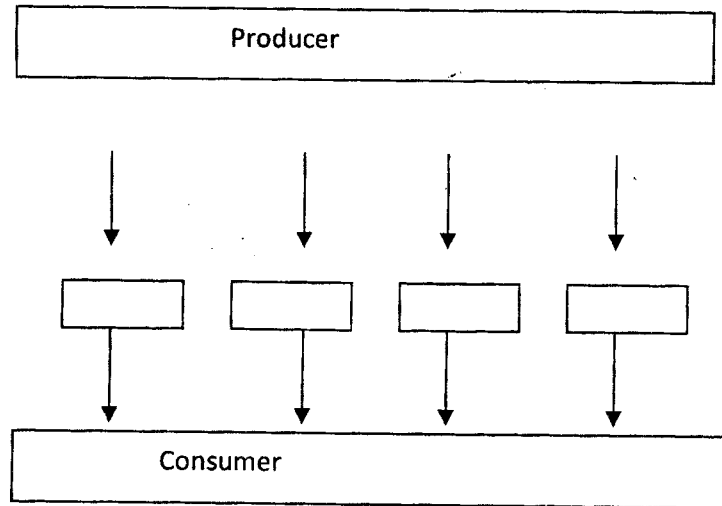|	Monopoly	Monopolistic competition
(i)		
(ii)		
(iii)		
(iv)		

16. Outline **four** circumstances under which a wholesaler becomes essential in the chain of distribution.

(i) _____   (4mks)

(ii) _____
_____

(iii) _____

(iv) _____

17.   19. Complete the following diagram on the flow of a chain distribution   (4 marks)

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┌─────────────────────────────────────────────┐
│                 Producer                    │
└─────────────────────────────────────────────┘
        │        │        │        │
        ▼        ▼        ▼        ▼
     ┌────┐   ┌────┐   ┌────┐   ┌────┐
     │    │   │    │   │    │   │    │
     └────┘   └────┘   └────┘   └────┘
        │        │        │        │
        ▼        ▼        ▼        ▼
┌─────────────────────────────────────────────┐
│                 Consumer                    │
└─────────────────────────────────────────────┘
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18. State the effect of the following on the balance sheet totals

Transaction	Effect
i) Sale of stock with shs.100,000 for cash shs.140,000/=.	
ii) Sale of old equipment worth shs.200,000 for cash shs.150,000 and shs.50,000 on credit	
iii) Exchange of an old motor vehicle worth shs.500,000 for a new one worth shs.650,000 on credit.	
iv) Converted a business tractor into a farm tractor in the name of the son.	

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19. Outline **four** methods used to determine the price of a commodity in the market.   (4mks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

20. Highlight **four** advantages of using billboards as a medium of advertising.   (4mks)

(i) _____

(ii) _____
(iii) _____

(iv) _____

21. Outline **four** advantages of mobile phones in communication.   (4mks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

22. (a) The following transaction for the month of June 2013 were extracted from the books of Ambwere plaza Traders

June 1st	Goods bought on credit worth Kshs.100 from Onyango
June 2nd	Goods returned to Makindu traders amounting traders amounting to Kshs.500 credit Note No.059
June 3rd	Cash sales worth Kshs.150 receipt no.0245 from ABC traders
June 5th	Credit purchases worth Kshs.840 from Pendo traders
June 10th	Paid Ndambuki by cheque Kshs. 840 from Pendo traders
June 16th	Bought good on credit worth Kshs.1500 from Jasho Traders
June 20th	Cash purchases worth Kshs.2100 by cash

June 26th   Purchased goods on credit from Kurasini traders worth Kshs.650

Required Prepare;

(ii) Open the relevant ledger accounts for Ambwere   traders   (12mks)