**GATITU MIXED SECONDARY SCHOOL**

**BUSINESS STUDIES FORM 3 END OF TERM EXAM**

1. Define national income. 2mks
2. Illustrate diagrammatically a back ward shift of demand curve. 4mks
3. Explain the term “goods of a ostentation” 2mks
4. The following relates to Rugut ltd as at 31st December 2013:

Shs.

 Premises 1,000,000

 Furniture 500,000

 Cash in hand 120,000

 Stock 220,000

 Cash at bank 1,210,000

 Creditors 1000,000

 Short term loan 50,000

Prepare a balance sheet as at 31 December 2013 . 6mks

1. The following transactions relate to Gitonga Trades for the month of December 2012.

Dec 1 started business with ksh.200,000 in the bank account.

‘’ 1 bought furniture for sh. 50,000 and paid by cheque

‘’ 2 bought stock sh. 40,000 and paid by cheque

‘’ 3 sold goods on credit to ;Tila sh. 20,000, Katu sh. 10000

‘’ 4 bought goods on credit from Kahama sh. 30000 makanga sh. 40,000

‘’ 5 returned faulty goods to kahama sh. 5000

‘’6 paid to kahama by cheque less 10% discount.

‘’7 received faulty goods from katu sh. 2000

‘’ 8 received payment due from Tila and katu by cheque less 5% cash discount.

‘’ 9 cash sales sh. 100,000

‘’10 paid for wages sh. 20000 by cash and electricity sh. 10000 by cheque

‘’11 deposited all the cash in hand into the bank account.

Prepare a three column cash book duty balanced. 12mks

1. High light four reasons that account for failure of a business. 4mks
2. Outline four functions of intermediaries in the chain of distribution 4mks
3. On 1st January, 2008, zunguta started a business with sh. 100000 in cash. The following transactions took place during the first week of his business:

2nd January 208 deposited sh. 50000 in the bank

3rd January 2008 purchased stationery worth sh. 10000 in cash

4th January 2008 bought goods worth sh. 20,000 by cheque.

Enter the above in the relevant “T” accounts. 4mks

1. List four types of unemployment that is common in developing countries. 4mks
2. Define localization of industries. 2mks
3. Write short notes on the following: 6mks
4. Indirect production
5. Office etiquette
6. Ledger book