

**ALLIANCE HIGH SCHOOL  
BUSINESS STUDIES END OF YEAR 2015  
FORM THREE  
TIME 2 ½ HOURS**

NAME \_\_\_\_\_ CLASS \_\_\_\_\_ ADM. NO \_\_\_\_\_  
TEACHER \_\_\_\_\_ SIGN \_\_\_\_\_

**INSTRUCTIONS**

- i) Answer all the question in section A in the spaces provided.
- ii) Section B use the foolscaps provided.
- iii) In section B answer only 5 questions
- iv) If you answer 6 the last question Will NOT BE MARKED

**SECTION A.**

1. Outline 4 means of payment provided by the post office ( 4 mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_
- d) \_\_\_\_\_  
\_\_\_\_\_

- 2) Highlight 4 circumstances when the Law of demand does not apply with people buying more at higher prices. ( 4 mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_
- d) \_\_\_\_\_  
\_\_\_\_\_

- 3) Describe 4 characteristics of general insurance. (4 mks)
- a) \_\_\_\_\_
- \_\_\_\_\_
- b) \_\_\_\_\_
- \_\_\_\_\_
- c) \_\_\_\_\_
- \_\_\_\_\_
- d) \_\_\_\_\_
- \_\_\_\_\_

4. State the document used in the following circumstances. (4 mks)
- |   | Document |
|---|----------|
| a) Sent to tell the buyer that goods have been dispatched                 | _____    |
| b) Request for payment before the goods are delivered.                    | _____    |
| c) Indicate all transactions carried out between the buyer and the seller | _____    |
| d) Sent when there is under charge in the invoice.                        | _____    |

5. The following trial balance was incorrectly prepared. Prepare the correct one

**Munishi**  
**Trial balance**  
**For the year ended 31/12 2010**

Details	Debit	Credit
Land		200,000
Return inwards	500	
Sales	120,000	
Purchases		80,000
Carriage	15,000	
Return outwards		400
Overdraft	40,500	
Rent income	1,300	
Discount allowed		2,000
Loan	100,000	
Bad debts		4,800

6. State 4 advantages that small scale retailers have over large scale retailers. ( 4 mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_
- d) \_\_\_\_\_  
\_\_\_\_\_

7. Given the following Sales Return Journal relating to Mike Traders

**SALES RETRN JOURNAL**

<b>DATE</b>	<b>DETAILS</b>	<b>CREDIT NOTE</b>	<b>FOLIO</b>	<b>AMOUNT</b>
NOV 1	Masha	007	SL	1,600
NOV 2 <sup>ND</sup>	Elkana	010	SL	3,000
NOV 3 <sup>RD</sup>	Shaka	012	SL	<u>4,000</u>
				<u>8,600</u>

Post to the relevant ledge accounts.

( 4 mks)

8. State 4 types of information that could be contained in a partnership deed. ( 4 mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_
- d) \_\_\_\_\_  
\_\_\_\_\_

9. Illustrate in a very well labeled diagram a shift in the demand curve. ( 4 mks)

10. State 4 roles played by a good filing system in an office. ( 4 mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_

d) \_\_\_\_\_  
\_\_\_\_\_

11. Highlight 4 reasons why entrepreneurship should be encouraged in Kenya. (4 mks)

a) \_\_\_\_\_  
\_\_\_\_\_

b) \_\_\_\_\_  
\_\_\_\_\_

c) \_\_\_\_\_  
\_\_\_\_\_

d) \_\_\_\_\_  
\_\_\_\_\_

12. Outline 4 challenges experienced when calculating National Income using the expenditure approach. (4 mks)

a) \_\_\_\_\_  
\_\_\_\_\_

b) \_\_\_\_\_  
\_\_\_\_\_

c) \_\_\_\_\_  
\_\_\_\_\_

d) \_\_\_\_\_  
\_\_\_\_\_

**ANSWER ONLY 5 QUESTIONS IN THIS SECTION**

**SECTION B**

1. Given the following information of Watu Kali Traders.

Stock on 31/12/1991	75,000
Stock on 1/1/ 1991	60,000
Sales	390,000
Purchases	290,000
Carriage	10,000
Return Inwards	1,200
Return Outwards	2,400
General Expenses	33,700
Commission Received	10,950
Insurance	15,980

NB: 1/5 of carriage relate to purchases prepare Watu Kali Trading profit and Loss Account.

(10 mks)

2. Explain 5 factors that would make people hold money for precautionary motive. (10 mks)
3. Explain 5 types of unemployment in Kenya today. (10 mks)
4. The Recent A.S.K Show may not have contributed to increased sales for traders in the country. Explain 5 reasons that could have contributed to this. (10 mks)
5. Record the following transactions in the appropriate ledge accounts, balance the accounts

(12 mks)

Feb 10<sup>th</sup> started a business with 500,000 cash at bank

Feb 11<sup>th</sup> withdraw cash 150,000 for business use

Feb 12<sup>th</sup> Bought stock by cash 45,000/-

Feb 13<sup>th</sup> Sold goods worth 25,000/- to Nyakio 10,000/- received by cash the rest to be paid later

Feb 14<sup>th</sup> Returned goods worth 1000/- to the supplier

Feb 15<sup>th</sup> Nyakio Returned goods worth 500/- to the business

Feb 16<sup>th</sup> paid rent by cash 16,000/-

6. As a trader explain 5 factors you will consider in deciding the channel for distribution of goods.

(10 mks)