

Morring Guide.

Mweso 1-6.
Mungu 7-12.
Ofeno 13-18.
Malawa 19-25

SUNSHINE SECONDARY SCHOOL

**FORM 3
BUSINESS STUDIES
END TERM EXAM – JULY 2019
TIME: 2 HOURS**

4 copies

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

INSTRUCTIONS TO CANDIDATES

- Write your name and adm. no in the spaces provided above.
- Sign and write the date of examination in the spaces provided above.
- Answer ALL the questions.
- All answers should be written in the spaces provided in this booklet.
- This paper consists of 8 printed pages
- Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
- Candidates should answer all the questions in English

FOR EXAMINER'S USE ONLY

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Candidate's score														

Question	15	16	17	18	19	20	21
Candidate's score							

TOTAL MARKS

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1. Outline four ways in which the internal business environment can affect the success of a business.

- I. Availability of required resources in sufficient amounts will lead to the success of a business.
- II. A well laid out business structure will positively impact on business operations.
- III. Adoption of a good business culture boosts the performance of the workers/employees.
- IV. Good decision making processes by the business owners facilitate efficiency in operations.

2. Outline four utilities created in the process of production

- I. Time utility enabling storage/purchasing of goods till time when required.
- II. Place utility that facilitates movement of goods from where they are produced to where they are required.
- III. Possession utility that facilitates trade.
- IV. Form utility as a result of the production process.

3. State whether each of the following activities would satisfy either basic or secondary wants

Activity	Type of activity
I) Drinking wine	Secondary
II) Paying rent	Basic
Iii) Watching movies	Secondary
III) Transporting potatoes to market	Basic

4. Outline four reasons why office documents should be filed.

- I. Make the office tidy
- II. Easy retrieval of documents whenever required
- III. Ensure Safety of Sensitive documents
- IV. Promote a culture of record keeping

5. Outline four measures that can be taken to ensure that bonded warehouses benefit the country

- I. The Warehouses should be located in most convenient areas such as the country's entry points e.g airport.
- II. timely collection of taxes from the users of the warehouses.
- III. Ensure all imports of goods go through the Warehouses.

IV. Minimise long procedures for the bonded warehouse users.

6. State four uses of an invoice for a seller of goods

- I. Sent when payment is expected immediately after delivery thus acting as a receipt.
(Cash invoice)
- II. Sent to demand for payment of goods sold on credit (Credit invoice).
- III. Used as a source document in recording the transactions in the books of accounts.
- IV. May be used in place of advice note, a packing note or a delivery note.

7. State the terms described by the following statements as used in business

Description	Term
I. A company that holds more than half of the shares in one or more companies	Holding Company
II. A group of related companies that agree to work together in order to control output, prices and market for their products.	Cartel
III. The process of changing the state owned corporations to public limited companies	Privatization
IV. The process where two or more business organizations combine and form one new business organization	Absorption / Take over
V. A situation where one business grants another the rights to manufacture, distribute or provide its products using the name of the business that granted the right.	Franchising

8. State two differences between insurance and assurance

Insurance	Assurance
Covers property	Covers life
Can be both short term or long-term	Usually a long term contract

9. Highlight four circumstances under which business organizations may choose to merge.

- I. In case there is need to raise/have a strong capital base
- II. Where the Market is such that it can be served well by a single firm
- III. Where there is a government policy requiring merging of operations of the affected firms

IV. Increase the firms want to control output and price of the market by operating as a Monopoly.

10. State four features of effective communication

I. Understand the subject matter well.

II. Know the audience well.

III. Select and use an appropriate means of communication.

IV. Prepare a good presentation of the message.

11. State four ways in which consumers are likely to suffer in a situation where there is no warehousing.

I.

II.

III.

IV.

12. State four reasons why government give licenses to business.

- I. Regulating the number of businesses to avoid unhealthy competition.
- II. Controlling the type of goods entering and leaving the country.
- III. To ensure that there are no illegal businesses.
- IV. To ensure that traders engage in activities that they have licenses for.

13. State four ways in which the nature of goods would influence the choice of transport.

- I. Heavy / bulky goods would be transported through the rail or water for security purposes but also save in costs.
- II. Perishable goods would be transported through air to make them reach while still fresh.
- III. Sensitive or risky goods may be transported through air for security purposes.
- IV. Regular shaped goods could be stacked in containers and transported conveniently.

14. Name the type of advertising described in the table below.

Description	Type of advertising
i) persuades the consumers to buy a product	Persuasive advertising / Competitive
ii) creates awareness about the product	Informative advertising / Primary demand
iii) promotes the name of the manufacturer	Institutional advertising
iv) promotes a particular brand of a product	Product advertising

15. State whether the following factors would either lead to a shift in or a movement along the demand curve

Factor	Effect
i) an increase in population	Shift.
ii) an increase in the value added tax of a product	A Movement.
iii) a change in the price of a product	A Movement.
iv) a change in real income	A Shift.

16. outline four assumptions of the circular flow of income in a two sector economy

- I. There are only two sectors in the economy i.e. households and firms.
- II. Households spend all their incomes on goods and services produced by firms.
- III. Firms spend all their revenues on factors of production provided by households.
- IV. There is no government intervention.
- V. The economy is closed.

17. Highlight four reasons why a firm may decide to locate its site close to a well developed road network.

- I.
- II.
- III.
- IV.

18. Outline four features of an oligopoly market. (4mks)

- I. There are few Sellers of a particular product
- II. There are barriers to entry so that other firms cannot enter the market.
- III. Firms produce homogeneous or close substitute products.
- IV. Interdependence in decision making.

- totals*
19. State the effect of each of the following transactions on the balance sheet by writing increase, decrease or no effect.

Transaction	Increase/ decrease/ no effect.
I. bought machinery on credit	
II. Withdrew cash from business to pay wife's hospital bill.	
III. purchased stock in cash	
IV. paid outstanding loan by cheque	

20. The diagram below represents the relationship between population and income per capita.

g. State four advantages of a large young population

~~State what is represented by:~~

21. Highlight roles played by a broker in the chain of distribution

- I.

 II.

 III.

 IV.

22. The table below shows the supply of rice in Luanda market for the last four years.

YEAR	QUANTITY SUPPLIED IN KGs
2012	10 000
2013	13 000
2014	14 000
2015	15 000

Give four possible reasons that may have contributed to the trend in the table

- I.

 II.

 III.

IV.

23. Record the following transactions in the relevant ledger accounts (04 marks)

2013

April 1 Juma started a business with sh. 50 000 cash

April 3 bought goods worth sh. 5 000 on credit

24. State the type of error committed in each of the following

ENTRY	ERROR
I. Credit purchases of sh2600 from Toto Traders was recorded as sh6200 in both the purchases and Toto traders accounts	
II. Sale of furniture on credit to Wanjau for sh6000 was debited to WANJIKU'S account	
III. Sales book was under cast by sh210 while purchases book was also under cast by sh210.	
IV. Repairs on machinery for sh3400 was debited in machinery account as sh3500

25. The following trial balance was prepared by the accountant of Oke Traders as at 30th June 2017.

DETAILS	Dr	Cr
Capital	996 000	
Debtors		305 200
Motor vehicle		800 000
Cash	122 500	
Stock (1.1.2017)	25 000	
Creditors	256 700	
	1 402 500	1 105 200

Prepare a corrected trial balance.

(05 marks)

9)

INSURANCE	ASSURANCE
<p>i). Deals with property against given risks.</p> <p>ii). The policy cannot be assigned to <u>any body</u> else.</p> <p>iii). Premiums charged depend on the <u>value</u> of the property and the degree of the risk.</p> <p>iv). The policy has no <u>surrender</u> value.</p>	<p>- Deals exclusively with <u>life</u></p> <p>- The policy can be assigned to <u>beneficiaries</u>.</p> <p>- its Value depends on the assured's ability to pay premiums.</p> <p>- It has <u>surrender</u> Value.</p>