**NAME…………………………………………….ADMISSION NUMBER………………………**

**565/1**

**FORM THREE**

**BUSINESS STUDIES 565/1**

**TIME:2 HOURS**

**OCTOBER 2019**

**MWAKICAN JOINT EXAMINATION 2019**

**KENYA CERTIFICATE OF SECONDARY EDUCATION (K.C.S.E.)**

**BUSINESS STUDIES**

**TERM 3 END TERM EXAMINATION**

**TIME 2HOURS**

**Instructions to candidates.**

* Write your name and admission number in the spaces provided.
* Answer all questions in the spaces provided.
* Answer **all** questions
* Answers must be written in English.
* Avoid one word answers

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | TOTAL | | | | | | |
|  |  |  |  |  |  |  |  |  |

**Answer all the questions in the spaces provided.**

1. State four external factors that may adversely affect the efficient operations of a business enterprise.4 mks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
2. Likoni traders a newly established firm has constructed an office block. Outline four factors that will be considered when deciding on the type of office layout.4mks
3. ……………………………………………………………………………………………
4. ……………………………………………………………………………………………
5. ……………………………………………………………………………………………
6. ……………………………………………………………………………………………
7. State the document used for the following function.4mks
8. To inform a buyer that his or her account has reduced by a certain amount

………………………………………………………………………………

1. To request a supplier to provide a particular service to a customer

…………………………………………………………………..……………

1. To determine the credit worthiness of a customer

…………………………………………………………………………………

1. To show that transport has been hired to deliver specified goods to a particular buyer

…………………………………………………………………………………..……

1. Classify each of the following accounts in the table below as either real, nominal, or personal 4mks

|  |  |
| --- | --- |
| Account | classification |
| Premises |  |
| Rental income |  |
| Debtor otieno |  |
| Discount allowed |  |

1. The demand for oranges doubled even if the price of the oranges remained the same over the same period. State four factors that may account for this.4mks
2. ……………………………………………………………………………………………
3. ……………………………………………………………………………………………
4. ……………………………………………………………………………………………
5. ……………………………………………………………………………………………
6. Joshua insured his vehicle against theft, later the vehicle was stolen in a packing bay. Outline the procedure he would follow when making insurance claim for his vehicle. 5mks

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

1. Highlight four benefits of transporting oil from Turkana to Mombasa by pipeline. 4mks
   1. ……………………………………………………………………………………………
   2. ……………………………………………………………………………………………
   3. ……………………………………………………………………………………………
   4. ……………………………………………………………………………………………
2. List four drawbacks of verbal communication in an organization. 4mks
3. ……………………………………………………………………………………………
4. ……………………………………………………………………………………………
5. ……………………………………………………………………………………………
6. ……………………………………………………………………………………………
7. Identify four ways through which the government encourages establishment of industries throughout the country.4 mks
8. ……………………………………………………………………………………………
9. ……………………………………………………………………………………………
10. ……………………………………………………………………………………………
11. ……………………………………………………………………………………………
12. List four factors that adversely affect the functioning of a warehouse. 4mks
13. ……………………………………………………………………………………………
14. ……………………………………………………………………………………………
15. ……………………………………………………………………………………………
16. ……………………………………………………………………………………………
17. Use the diagram below to answer the questions that follow. 3mks

Price a

b

a

Quantity

1. Identify the market structure to which the diagram above belongs…………………………………
2. Curve labeled a-a……………………………………………..…. …………………………………
3. Name the part labeled b………………….………………………………………………………………
4. Outline four factors that hinder entrepreneurship in Kenya. 4mks
5. ……………………………………………………………………………………………
6. ……………………………………………………………………………………………
7. ……………………………………………………………………………………………
8. ……………………………………………………………………………………………
9. Outline four benefits that Kamau would get for being a member of SACCO.4mks
10. ……………………………………………………………………………………………
11. ……………………………………………………………………………………………
12. ……………………………………………………………………………………………
13. ……………………………………………………………………………………………
14. Kenya is one of the countries experiencing unemployment problems. Identify four causes of the problem.4mks
15. ……………………………………………………………………………………………
16. ……………………………………………………………………………………………
17. ……………………………………………………………………………………………
18. ……………………………………………………………………………………………
19. Outline four characteristics of direct production4mks
20. ……………………………………………………………………………………………
21. ……………………………………………………………………………………………
22. ……………………………………………………………………………………………
23. ……………………………………………………………………………………………
24. Highlight four reasons why a firm may choose to remain small.4mks
25. ……………………………………………………………………………………………
26. ……………………………………………………………………………………………
27. ……………………………………………………………………………………………
28. ……………………………………………………………………………………………
29. Outline four reasons why ethical practices are necessary in product promotion.4mks
30. ……………………………………………………………………………………………
31. ……………………………………………………………………………………………
32. ……………………………………………………………………………………………
33. ……………………………………………………………………………………………
34. Highlight four factors that may lead to low level of national income.4mks
35. ……………………………………………………………………………………………
36. ……………………………………………………………………………………………
37. ……………………………………………………………………………………………
38. ……………………………………………………………………………………………
39. Outline four reasons that make it difficult to satisfy all our wants.4mks
40. ……………………………………………………………………………………………
41. ……………………………………………………………………………………………
42. ……………………………………………………………………………………………
43. ……………………………………………………………………………………………
44. The following information has been extracted from the books of Akili as at 30th june 2001

Land and building 235,000

Machinery 142,000

Motor vehicle 198,000

Debtors 25,000

Capital 330,000

Creditors 50,000

Bank overdraft 200,000

Net profit for the year 62,000

From the information above, calculate Akili’s drawings for the year.4mks

1. Nyundo had the following assets and liabilities on 1st march 2006.

Capital 120,000

Machinery 80,000

Creditors 10,000

Debtors 20,000

Stock in trade 25,000

Cash at bank 5,000

On 2nd march he had the following transactions;

Purchased goods for 15,000 on credit.

Received a cheque of 10,000 from a debtor.

Sold machinery for 90,000 in cash.

Prepare his balance sheet on 2nd march, 2006.4mks

1. Mention four purposes of preparing a trial balance.4mks
2. ……………………………………………………………………………………………
3. ……………………………………………………………………………………………
4. ……………………………………………………………………………………………
5. ……………………………………………………………………………………………
6. Outline four factors that may cause the capital of an ongoing business to change. 4mks
7. ……………………………………………………………………………………………
8. ……………………………………………………………………………………………
9. ……………………………………………………………………………………………
10. ……………………………………………………………………………………………
11. Yogen had the following transactions with a creditor, Sulem, 2017

June 1 Balance from May 14,000

2 Bought stock from Sulem on credit Kshs. 80,000

4 Returned faulty goods to Sulem Kshs. 2,000

7 Paid Sulem the debt by cash less 2% discount.

Prepare Sulem’s account as it would appear in the books of Yogen. 4mks

1. In the two column cash book given below, enter the missing figures.4mks

**Waria Traders**

**Two Column Cash Book**

**For The Month ofJuly, 2008**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Details** | **Cash** | **Bank** | **Date** | **Details** | **Cash** | **Bank** |
| 2018 May 1 | Balance b/d | **M** |  | 2018 May 1 | Balance b/d |  | 8,200 |
| 9 | Sales |  | 40,000 | 7 | Purchases | 6,000 |  |
| 13 | Debtors |  |  | 10 | Creditors |  | 11,400 |
| 18 | Bank ‘c’ | **N** |  | 18 | Cash ‘c’ |  | 9,200 |
| 20 | equipment | 19,200 |  | 31 | Bal. c/d | **P** | **Q** |
|  |  | **38,400** | **59,800** |  |  | **38,400** | **59,800** |