

Name: .....Adm. No.....

Date: .....

Class: .....

565/1

FORM 3 BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

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**INSTRUCTIONS TO CANDIDATES:**

- Write your name and your Admission Number in the spaces provided above.
- Write the date of examination and class in the spaces provided above.
- Answer all the questions in the spaces provided.
- All answers should be written in English.
- This paper consists of 9 printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

**FOR EXAMINERS USE ONLY:-**

Question	1	2	3	4	5	6	7	8	9	10	11	12	13
Score													

Question	14	15	16	17	18	19	20	21	22	23	24	25
Score												

TOTAL MARKS

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1. Outline 4 ways in which commercial attaches may promote trade between their country and other countries. (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

2. A lucrative manufacturing firm has been constantly releasing toxic wastes into the neighbourhood. Outline four measures you can take to stop the firm from such malpractice. (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

3. Outline four factors that should be considered in the choice of a means for transporting perishable goods (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

4. Outline four circumstances under which face to face communication may be ineffective (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

5. Highlight four benefits that would accrue to a firm located near other existing firms (4mks)

- (i) .....
- (ii) .....
- (iii).....

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(iv).....

6. KAMBO owned a motor vehicle valued at sh.1,000,000. He comprehensively insured the car at sh.800,000. The motor vehicle was involved in an accident and declared a write off. Calculate the amount KAMBO should get from the insurer (4marks)

7. State four reasons why the government should create an enabling environment for investors (4marks)

- (i) .....
- (ii) .....
- (iii) .....
- (iv) .....

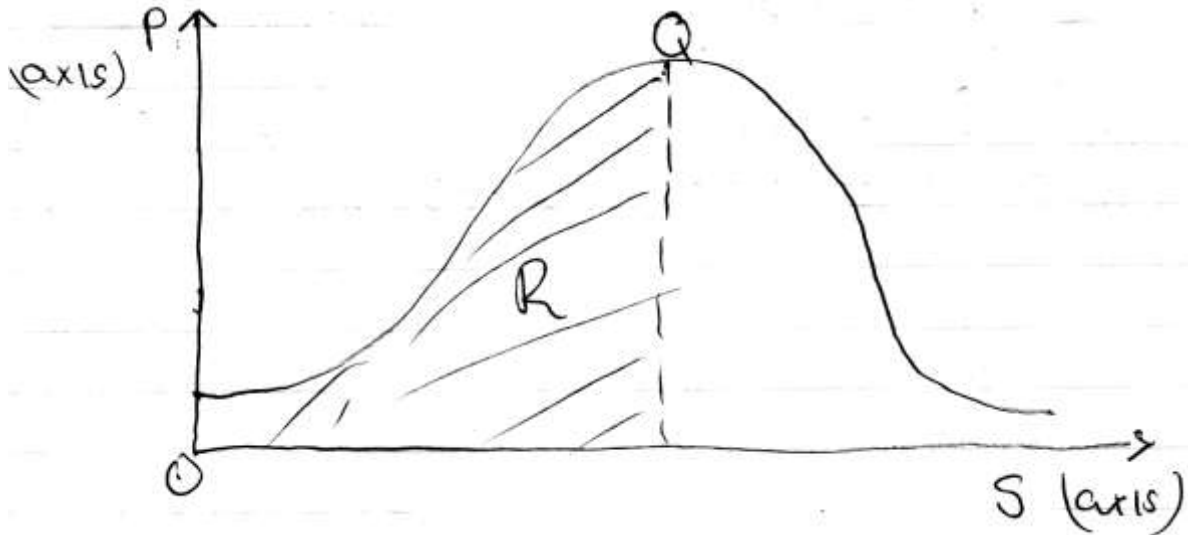
8. State four importances of intermediaries in the chain of distribution (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

9. Highlight four challenges that a person may encounter when using a cell phone (mobile phone) (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

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



State what is represented by P and S axes and letters R and Q (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

11. The balances given below relate to Korir Traders for the year ended 31<sup>st</sup> December 2013.

	Sh.
Capital	?
2 year bank loan	230,020
Creditors	95,200
Fixed assets	480,000
Current assets	145,220

Prepare a balance sheet as at 31<sup>st</sup> December 2013 (5mks)

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12. Identify the types of wholesalers described in the statements given below (4marks)
- a) A wholesaler who trades in maize grain only .....
  - b) A wholesaler who supplies goods to most of the traders in Kerugoya, Mwea and Sagana in Kirinyaga County.....
  - c) A wholesaler who buys tomatoes from farmers in rural areas and sells the same to other wholesalers in urban areas. ....
  - d) A wholesaler who trades in a wide variety of human medicine .....
13. On 2<sup>nd</sup> November 2010, Mwaura received an invoice for Ksh.12,000. Terms of payment were trade discount 5% and cash discount 10%, if payment is made within 30 days. Determine the amount paid if payment was made on 28<sup>th</sup> November 2010. (4marks)

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14. The following transactions were extracted from the books of Sarah Traders for the month of March 2014.

March 10: Purchased goods on credit worth Kshs.200,000 from Salim Traders.

March 25: Sold goods on credit worth Kshs.420,000 to Shah Traders. Record the above transactions in the relevant ledger accounts (4marks)

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15. Highlight four circumstances under which the capital of a business may change (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

16. Outline four features of liners in sea transport (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

17. Fatuma operates a matatu business. State four factors in the internal environment that may influence the business (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

18. State 4 features of monopolistic competition (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

19. Apart from selling shares. Outline 4 sources of finance for a public limited company (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

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20. There has been a decline in the demand for wooden furniture. State 4 factors that may have caused this trend. (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

21. Karanja Ltd had the following ledger account balance as at 31<sup>st</sup> May 2015.

Details	shs.
Purchases	3,880
Sales	3,350
Returns outwards	150
Returns inwards	160
D. Simola (Debtor)	2,550
P. Mwendu (Creditor)	3,100
Wages	800
Cash	960
Capital	1,750

Required: Prepare Karanja's trial balance as at 31<sup>st</sup> May 2015 (5mks)



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22. State four merits of promoting products through personal selling (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

23. Complete the table below by indicating the relevant account to be debited and credited. (3marks)

Statement	Account to debit	Account to credit
a) A debtor paid by cheque		
b) Bought goods on credit		
c) Draw cash from bank for office use		

24. Highlight four essentials of a good warehouse (4marks)

- (i) .....
- (ii) .....
- (iii).....
- (iv).....

25. Outline 3 features of economic resources (3marks)

- (i) .....
- (ii) .....
- (iii) .....

