

TIME 2 HOURS

DATE RETURNED _____

[illegible]

1. Write the type of accounts the following items will fall under. (4mks)

Item	Type of account
(a) Commission Received.	_____
(b) Motor vehicle.	_____
(c) Creditor Lemayan.	_____
(d) Drawings.	_____

2. Describe 4 characteristics of debentures. (4mks)

- (a) _____

- (b) _____

- (c) _____

- (d) _____

3. You have been provided the following items of Moto Moto Traders.

Rate of stock turnover 5.

Opening stock 1.1.1995 120,000.

Margin 1/5

Closing stock 31/12/1995 140,000.

Prepare Moto Moto Traders trading account

(5mks)

4. Highlight 5 assumptions of the circular flow of income in a 2 sector closed economy. (5mks)

(a) _____

(b) _____

(c) _____

(d) _____

(e) _____

5. State whether the following statements are true or false in relation to insurance. (3mks)

Statement.

(a) Indemnity apply to both. insurance and assurance. _____

(b) Particular average loss happens when cargo is thrown overboard to save the ship. _____

(c) No claim discount is reduction in premium to be paid in motor insurance. _____

(d) Average clause is used to calculate compensation in case of under insurance. _____

(e) There is surrender value in general insurance. _____

(f) Subrogation principle allow the insurer to take the damaged property. _____

6. Outline 4 ways in which offer-sale services can be provided by a trader. (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

7. Highlight 4 principles that guide public expenditure.

(4mks)

- (a) _____

(b) _____

(c) _____

(d) _____

8. Outline 4 emerging trends in transportation in Kenya today.

(4mks)

- (a) _____

(b) _____

(c) _____

(d) _____

9. Record the following transactions in the General journal.(5mks)

August 1st Exchanged a motor vehicle book value 390,000 for furniture
valued at 370,000/=

August 2nd Sold a weighing machine on credit to Keshi for 72,000/=

August 3rd Bought a motor vehicle on credit from CMC valued at 400,000/=

10. Highlight 4 reasons why it is suitable to locate a bonded warehouse at a point of entry of a country. (4mks)

- (a) _____

(b) _____

(c) _____

(d) _____

11. State the type of unemployment described below. (4mks)

(a) Demand for labour fall due to
Change in technological use.

Type of unemployment

(b) Workers unwilling to accept
the current wage rate.

(c) Affect the sick or physically challenged.

(d) Worker not fully utilized

12. Outline 4 characteristics of a fixed deposit account.

(4mks)

(a) _____

(b) _____

(c) _____

(d) _____

13. State 4 types of audio-visual communication means.

(4mks)

(a) _____

(b) _____

(c) _____

(d) _____

14. Give 4 reasons why an institution should use a franking machine.

(4mks)

(a) _____

(b) _____

(c) _____

(d)) _____

15. You have been provided with the following information of Kazi Ndogo wholesalers.

Closing stock	15,500
Opening stock	20,400
Purchases	82,600
Sales	110,000
Return Inwards	4,000
Return outwards	3,400
Carriage inwards	1,200

Calculate:

(a) Margin (1mk)

(b) Mark up (1mk)

(c) Gross profit (1mk)

(d) Rate of stock turnover (1mk)

16. Highlight 4 ways that can be used to correct unfavourable balance of payment.

(4mks)

(a) _____

(b) _____

(c) _____

(d) _____

17. State 4 internal economies of scale.

(4mks)

(a) _____

(b) _____

(c) _____

(d) _____

18. Indicate with a + increase – for decrease and o for no change in the totals of the balance sheet following the transactions below. (3mks)

Transactions.

Effect

(a) A debtor paid by cheque.

(b) Paid creditor by cash.

(c) Got loan by cash from a bank.

(d) Bought goods on credit.

(e) Additional investment in form of an asset.

(f) Deposited cash into bank.

19. Outline 4 factors to consider when choosing a channel for distribution of goods.

(4mks)

(a) _____

(b) _____

(c) _____

(d) _____

20. Highlight 4 advantages of having a dry port.

(4mks)

(a) _____

(b) _____

(c) _____

(d) _____

21. State 4 ways in which the consumer organization can improve on the effectiveness in terms of protecting the final buyer.

(4mks)

(a) _____

(b) _____

(c) _____

(d) _____

22. Outline 4 features of mail-order business. (4mks)

(a) _____

(b)) _____

(c) _____

(d)) _____

23. Distinguish between economic growth and economic development. (3mks)

(a) _____

(b) _____

(c) _____

24. State 4 limitations of using bank rate as method of controlling commercial banks lending capacity. (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

25. Given the items of Njoroge wholesalers on 1st July 2000

Building	780,000
Net loss	4,300
Additional investment	8,400
Stock	45,000
Creditors	32,000
Debtors	29,000
Loan	240,000
Overdraft	60,000
Weighing machine	17,000
Cash	30,000

Prepare a balance sheet

(5mks)