

NAME..... ADM NO.....

SCHOOL..... CANDIDATES SIGN.....

DATE

565/1

BUSINESS STUDIES

FORM 3

END OF TERM THREE

TIME: 2 HOURS

END OF TERM (III) EXAMINATION -2019

Kenya Certificate of Secondary Education (K.C.S.E)

565/1

BUSINESS STUDIES

FORM 3

TIME: 2 HOURS

INSTRUCTIONS

- a) Write your name, Admission number, class and name of the school in the spaces provided
- b) answer all questions
- c) write your answers in the spaces provided
- d) All answers should be written in English

FOR EXAMINERS USE ONLY

1	2	3	4	5	6	7	8	9	10	11

12	13	14	15	16	17	18	19	20	21	22

22	23	24	25

TOTAL

1. Indicate the level of production that relates to each of the following activities

Activities

Level of production

a) Repairing shoes

.....

b) Constructing a bridge

.....

c) Picking coffee

.....

d) Fetching water from a river

.....
 (4 mks)

2. Identify the national income measurement approach under which each of the following items would be considered (4 marks)

a) Wages and salaries.....

b) Value of intermediate goods

c) Expenditure on imports.....

d) Transfer payments

3) The table below represents the quantity demanded by consumers A and B.

Price per unit	Quantity of commodity demanded by A per week	Quantity of commodity demanded by B per week
30	150	450
15	250	650
7	350	750
4	450	850

From the above table outline four possible reasons why B demands more of the commodity at every price than A (4 marks)

- a)
-
- b)
-

- c)
- d)

3) Outline four possible consequences of poor arrangements of goods in a warehouse (4 marks)

- a)
- b)
- c)
- d)

5) Highlight four reasons why itinerant traders are common in the Kenyan economy (4 marks)

- a)
- b)
- c)
- d)

6) State four factors that limit the number of entrepreneurs in an area (4 marks)

- a)
- b)
- c)
- d)

7) Modern offices require computers to carry out multiple functions. Mention four such functions (4 marks)

- a)
- b)
- c)
- d)

8) The Kenyan government is intending to convert Kenyan Airways from a public corporation to a parastatal due to the persistent losses it has been making since 2013

State four disadvantages that may result from such a move (4 marks)

- a)

- b)
- c)
- d)

9) Mwanjuma is an industrialist who wants to set up a textile factor in Nairobi's industrial area.

Highlight to him four reasons why the government may be against such a more (4 marks)

- a)
- b)
- c)
- d)

10) Fill in the blanks in the table below

Unit of carriage	Method of propulsive	Way	Terminal
Train	(a)	Railway	(b)
(c)	Fuel power	(d)	Airport
Bus	(e)	Road	Bus station
			(5 marks)

11) China is the most populous country in the world with a population of about 1.7 billion people majority of whom are are below 35 years old.

Explain five benefits the county is likely to have enjoyed from this scenario (4marks)

- a)
- b)
- c)
- d)

12) Mention three roles shelter plays in the satisfaction of human wants (3 marks)

- a)
- b)
- c)

13) Development in computer technology has eased communication among businesses

State four benefits a firm derives from the use of the E-mail to communicate to its customers

(4 marks)

- a)
- b)
- c)
- d)

14) List any four expenses a middleman would incur in the chain of distribution (4 marks)

- a)
- b)
- c)
- d)

15) State whether the following transaction decreases, increases or has no effect on the balance sheet totals (4 marks)

Transactions	Effect on balance
a) Bought furniture in cash	
b) proprietor deposited extra cash into business bank account	
c) paid creditors by cheque	
d) received cash from the debtor	

16) The following errors were made while recording transaction in the books of account of a certain business. State the error made in each case (4marks)

- a) Purchase of Furniture was recorded in purchases account _____
- b) Sale of goods on credit was not recorded anywhere
- c) Payment of rent in cash was debited on cash account and credited in the rent account _____
- d) Sale of goods on credit to Jane Wanjiku was recorded in Jane Wanjuki's account _____

17) Highlight three differences between a free sample and a gift as they are used as methods of sales promotion (3mks)

- a)
-

- b)
- c)

18) The following information relates to Ruda Boys Enterprises as at 30th may 2019 (4 marks)

unpaid rent 18700

Bank overdraft 9000

Stock 6000

Cash 14700

Plant & Machinery 52600; prepare a balance sheet as at 30th may 2019.

19) The following is a cash book of Kisasi traders for the month of June 2019

Date	Details	F	Cash	Bank	Date	Details	F	Cash	Bank
2019					2019				
1 st June	Bal. b/d		20000	90,000	June 12	Insurance	7000		
June 5	Sales		8000		June 13	Cash		30,000	
June 13	Bank		30,000		June 15	Salaries	15,000		
June 23	Cash			20,000	June 17	Lorna		16,000	
June 25	Sales			40,000	June 23	Bank	20000		
					June 30	Bal c/d	16000	104,000	
			<u>58000</u>	<u>150,000</u>			<u>58000</u>	<u>150,000</u>	
July 1	Bal b/d		16,000	104,000					

Explain the entries made on dates specified below

- 1st June 2019
- 13th June 2019
- 17th June 2019
- 30th June 2019

20. Indicate with a tick (✓) which feature make up the internal or external environment of a business

Feature	Internal	External
a) Funding a rural development project by the government		
b) putting safety measures at places of work		
c) Heavy advertisement by another business organization		
d) introduction of a high taxation rate reducing profits of a business		

(4mks)

21. State four benefits a firm enjoys when it incorporates division of labour and specialization in its operations

(4mks)

- a)
- b)
- c)
- d)

22. Give four measures that manufacturers may adopt to protect consumers from exploitation. (4 marks)

- a)
- b)
- c)
- d)

23. Mr. Kimene Insured his house against the risk of fire. After four months fire broke out and destroyed the house completely. Outline four circumstances under which the insurer may not compensate Mr. Kimene

(4mks)

- a)
- b)
- c)
- d)

24. Mention four problems that are experienced by consumers when a market is characterized by a single firm

(4 marks)

- a)
- b)
- c)
- d)

25. The information given below relates to Khalid, Traders for the year ended 31.12.2017

Details	Ksh
Capital 31.12.2017	2000,000
Average Monthly Net profit	30,000
A private van converted to business asset	500000
Monthly drawings	7000

Required, Determine capital as at 1.1.2017 (5 marks)

Particulars	Debit	Credit
Capital		2000000
Profit		360000
Drawings	84000	
Van	500000	
	584000	2360000

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