**Name**…………………………………… ………Adm:…………class...................

565/1

**BUSINESS FORM 3**

**PAPER 1**

**Time: 2 Hours**

**ANESTAR SCHOOLS JOINT EXAMINATIONS**

 **INSTRUCTIONS TO CANDIDATES**

* *Write your* ***name****,* ***admission******number and class*** *in the spaces provided above*
* *Answer* ***all*** *the questions.*
* *All answers should be written in the spaces provided in this booklet.*
* *Candidates should answer all questions in English*

**For Examiners Use Only**

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

 **TOTAL MARK**

1. State **four** advantages of an open office plan. (4mks)
	* 1. …………………………………………………………………………………………...
		2. ……………………………………………………………………………………………
		3. ……………………………………………………………………………………………
		4. ……………………………………………………………………………………………
2. Using the accounting equation, fill in the missing figures in the following table.(4mks)

|  |  |  |  |
| --- | --- | --- | --- |
|  | LIABILITIES (SHS) | ASSETS (SHS) | CAPITAL (SHS) |
| (a) | 45,820 |  | 28,700 |
| (b) | 43,737 | 211,000 |  |
| (c) | 348,170 |  | 170,340 |
| (d) |  | 148,390 | 108,930 |

1. State **four** distinctive features of a parastatal. (4mks)
	* 1. ……………………………………………………………………………………………
		2. ……………………………………………………………………………………………
		3. ……………………………………………………………………………………………

 iv)………………………………………………………………………………………………

4. Give **four** ways in which a manufacturer in a monopolistic competition may use to differentiate his products from those of rival firms. (4mks)

 i) …………………………………………………………………………………………..

 ii) ……………………………………………………………………………………………

 iii) ……………………………………………………………………………………………

 iv) …………………………………………………………………………………………..

5. In the spaces provided below, indicate the level of production that relates to each of the following activities: (4mks)

|  |  |  |
| --- | --- | --- |
|  | ACTITIVY | LEVEL OF PRODUCTION |
| A | Selling goods in the market |  |
| B | Fishing from a river |  |
| C | Constructing a Road |  |
| D | Making shoes |  |

6. Outline **four** disadvantages of personal selling. (4mks)

* + 1. …………………………………………………………………………………………

 ii……………………………………………………………………………………………

iii……………………………………………………………………………………………

iv……………………………………………………………………………………………

1. From the following two-column cash book, describe the transaction that took place on the dates given below.(3mks)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | Cash | Bank | Date | Details | Cash | Bank |
|  |  | Sh. | Sh. |  |  | Sh. | Sh. |
| May 2 | Sales | 10,000 |  | May 3 | Creditors  |  | 5,000 |
| 5 | Cash |  | 5,000 | 4 | Salaries  | 3,000 |  |
|  |  |  |  | 5 | Bank | 5,000 |  |
|  |  |  |  |  | Bal. C/d | 2,000 |  |
|  |  | **10,000** | **5,000** |  |  | **10,000** | **5,000** |

 i) May 2nd: …………………………………………………………………………………

 ii) May 3rd: ………………………………………………………………………………….

 iii) May 4th: ………………………………………………………………………………….

 iv) May 5th: …………………………………………………………………………………..

8. State **four** assumptions of the law of demand. (4mks)

 i) …………………………………………………………………………………………

 ii) ……………………………………………………………………………………………

 iii) ……………………………………………………………………………………………

 iv) ……………………………………………………………………………………………

9. Highlight four importance of business studies to a learner. (4 mks)

1. …………………………………………………………………………………………..
2. …………………………………………………………………………………………..
3. …………………………………………………………………………………………..

 iv) …………………………………………………………………………………………..

10. Outline four advantages of a bonded warehouse to the government. (4 mks)

1. …………………………………………………………………………………………..
2. …………………………………………………………………………………………..
3. …………………………………………………………………………………………..
4. …………………………………………………………………………………………..

11. Highlight four problems encountered in measuring national income using the output approach method. (4 mks)

1. …………………………………………………………………………………………..
2. …………………………………………………………………………………………..
3. …………………………………………………………………………………………..
4. …………………………………………………………………………………………..

12. Highlight four ways how consumers can protect themselves from exploitation from unscrupulous wholesalers / traders. (4 mks)

1. …………………………………………………………………………………………..
2. ………………………………………………………………………………………......
3. …………………………………………………………………………………………..
4. …………………………………………………………………………………………..

13. Motor cycles have recently become a very popular mode of transport in Kenya .List **four** benefits commuters enjoy by using them. (4mks)

 i)…………………………………………………………………………………………………..

 (ii) …………………………………………………………………………………………………

 (iii)………………………………………………………………………………………………………

 iv)...........................................................................................................................................................

14.Outline **four** factors that may make it necessary for insurance company to reinsure. (4mks)

 (i) ……………………………………………………………………………………………………

 (ii) …………………………………………………………………………………………………

 (iii) ………………………………………………………………………………………………...

 (iv) …………………………………………………………………………………………………

15.Complete the table below by indicating the ledger account to be debited and the account to be

 credited. (4mks)

|  |  |  |
| --- | --- | --- |
| Transaction  | A/C to be debited | A/C to be credited  |
| a)Bought a delivery van on credit from  mwalimu motors |  |  |
|  b) Otieno a proprietor converted a private car into business asset. |  |  |
|  c)Withdrew cash from bank for office use |  |  |
| d) Received a loan from Equity bank by cheque |  |  |

16.Outline **four** external business environments that may negatively affect the performance of the business (4mks)

 (i) ……………………………………………………………………………………………………

 (ii) ………………………………………………………………………………………………….

 (iii) ……………………………………………………………………………………………….....

 (iv) …………………………………………………………………………....................................

17. Highlight **four** disadvantages of concentrating many firms in Nairobi town. (4mks)

 (i) ……………………………………………………………………………………………………

 (ii) …………………………………………………………………………………………………

 (iii) ………………………………………………………………………………………………...

 (iv) …………………………………………………………………………………………………

18. Highlight four ways in which entrepreneurs can observe ethics in the management of their business. (4 mks)

1. ………………………………………………………………………………………….....................................................
2. …………………………………………………………………………………………......................................................
3. ………………………………………………………………………………………….....................................................
4. …………………………………………………………………………………………....................................................

19. Kiburu carried out the following transactions during the month of February 2015.

February 1: Started business by depositing sh 220,000 in business bank account

 7: Bought goods on credit from Miyogo Sh 72,000

 8: Paid rent by cheque Sh 20,000

 16: Sold goods to Kamula on credit Sh 50,000.

Required: Post the above transaction in the relevant ledge accounts.

20. Outline four circumstances under which a trader can issue a credit note to a customer. (4 mks)

1. …………………………………………………….........................................................................................
2. …………………………………………………………………………………………...................................................
3. …………………………………………………………………………………………...................................................
4. …………………………………………………………………………………………...................................................

21. Highlight four circumstances in which one can convey verbal communication. (4 mks)

1. …………………………………………………………………………………………..........................................
2. …………………………………………………………………………………………..........................................
3. …………………………………………………………………………………………..........................................
4. …………………………………………………………………………………………...........................................

22. Outline **four** factors influencing the level of national income in a country (4mks)

 (i) …………………………………………………………………………………………..

 (ii) ………………………………………………………………………………………....

 (iii) …………………………………………………………………………………………

 (iv) …………………………………………………………………………………………

23.State **four** components of business studies (4mks)

 (i) …………………………………………………………………………………………………

 (ii) ………………………………………………………………………………………………...

 (iii) …………………………………………………………………………………………………

 (iv) …………………………………………………………………………………………………

24.The following account balances were obtained from the books of Zolo Traders on

 30th June 2013

Kshs

Motor vehicle 240,000

Buildings 200,000

Current Liabilities 440,000

Current assets 420,000

Furniture 60,000

Capital 480,000

***Required*** Prepare a trial balance for Zolo traders as at 30th June 2013

25.State the **four** principles that govern the co-operative societies in Kenya. (4mks)

 (i) …………………………………………………………………………………………………

 (ii) ………………………………………………………………………………………………....

 (iii) ………………………………………………………………………………………………...

 (iv) ………………………………………………………………………………………………...