



NAME.....SCHOOL.....

DATE.....SET CODE.....

THURDIBUORO BUSINESS STUDIES CONTEST.

SECOND EDITION-JUNE 2023

SENIOR CATEGORY

TIME : 1 HOUR

ANSWER ALL QUESTIONS

QN	TOPIC	SCORE	CANDIDATES SCORE
1	HOME TRADE	4	
2	LEDGER	4	
3	DEMAND AND SUPPLY	4	
4	INFLATION	4	
5	PRODUCT MARKET	2	
6	LEDGER & CASH BOOK	4	
7	FINANCIAL STATEMENT	4	
8	PRODUCTION	4	
9	DETERMINING NETWORTH OF A BUSINESS	4	
10	INSURANCE	5	
11	POPULATION AND EMPLOYMENT	3	
12	SOURCE DOCUMENTS	4	
13	BUSINESS TRANSACTIONS	4	

1. Give **four** reasons why an invoice received is important in accounting. **(4 marks)**

- a)
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- b)
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- c)
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- d)
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2. For each of the transactions given in the table below, state in appropriate columns, the accounts in which entries should be made and the corresponding amounts to ensure proper complete double entry in each case. **(4 marks)**

Transactions	Debit		Credit	
	Account	Amount	Account	Amount
(a) The proprietor took stock worth Sh. 20,000 for personal use.				
(b) Bought an office desk from Furniture Mart for Sh. 82,000 , paying Sh.42,000 by cheque on account				

3. Give **two** differences between joint demand and competitive demand. **(4 marks)**

Joint demand	Competitive demand

4. Explain the meaning of the following terms as used in inflation: **(4 marks)**

i. Demand -pull inflation

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ii. Cost-push inflation.

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iii. Imported inflation.

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iv. Structural inflation.

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5. Give **two** ways through which prices may be determined in an oligopolistic market. **(2 marks)**

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6. State the meaning of the following terms as used in accounting. **(4 marks)**

(i) Double-entry

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(ii) Contra-entry

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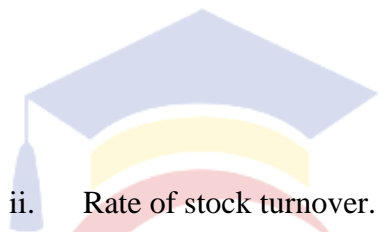
7. The following information was extracted from the books of Chui traders.

Capital	400,000
Sales	300,000
Stock (1/12/2005)	45,000
Stock (31/12/2005)	35,000
Expense	25,000
Margin	15%

Calculate:

i. Rate of return on capital.

(2 marks)



ii. Rate of stock turnover.

(2 marks)



8. State **four** ways in which Kenya may benefit from its natural resources.

(4 marks)

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9. State **two** characteristics of each of the balance sheet elements.

(4 marks)

(i) Assets

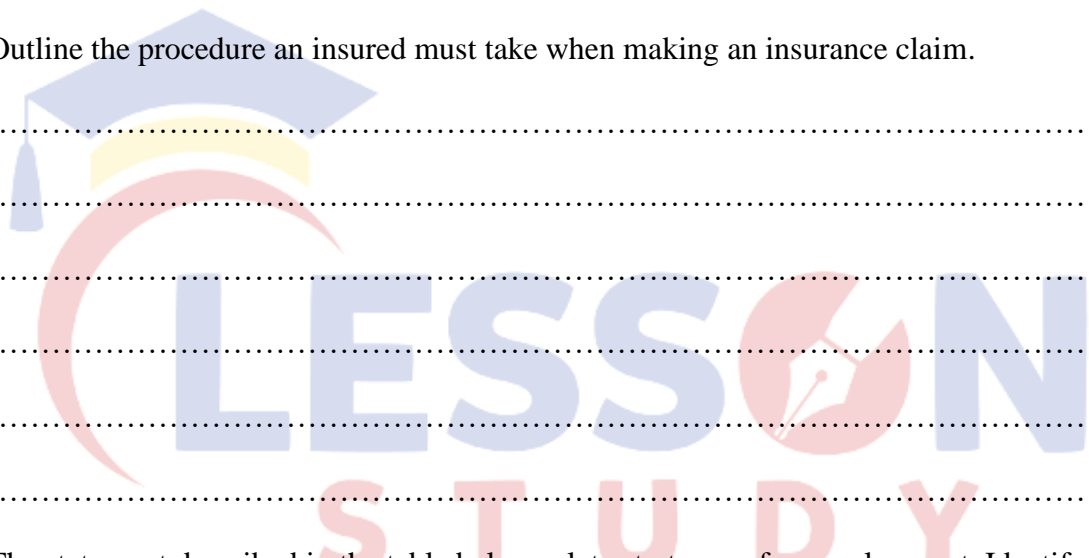
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(ii) Liabilities

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10. Outline the procedure an insured must take when making an insurance claim.

(5 marks)



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11. The statement described in the table below relates to types of unemployment. Identify the type of unemployment with matching description.

(3 marks)

	Description	Type of unemployment
(a)	Arises when one leaves an old job but has not found a new one.	
(b)	Arises where workers have more skills and higher qualifications than the job requirement.	
(c)	Arises due changes in demand that reduces levels of production.	

12. In the spaces provided in the table below, name the document Chui traders would issue under the circumstances described. (4 marks)

	Ccircumstance	Document to issue
(a)	Jambo limited sold goods worth Sh.54,000 on credit to Jamia Traders	
(b)	Wananchi Retailers which had bought goods worth Sh.27,000 was erroneously charged only Sh. 25,000	
(c)	Wadala Traders paid Sh.33,900 by cheque to Jambo limited for goods which had been supplied	
(d)	Goods sold to Jamia Traders had been overpriced by Sh.4,000	

13. Elephant traders started a business on 1st January 2021 with a capital of Sh.350,000. During the year, the following transactions took place.

- (i) Converted a personal chair worth sh.80,000 into a business chair.
- (ii) Made a monthly drawing of sh. 3000
- (iii) Made a profit of Sh.310,000

Calculate the capital as 31st December,2021.

(4 marks)

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