

## **THURDIBUORO SECONDARY SCHOOL SYMPOSIUM QUESTIONS**

1. Explain **five** advantages of government involvement in business activities.
2. Explain **five** ways in which government expenditure may stabilize the economy of a country.
3. Explain **five** negative effects of inflation to an economy.
4. Explain **five** sources of finance for a sole proprietorship form of business unit.
5. Explain **five** circumstances that would influence a producer to sell their products directly to the consumers.
6. Explain **five** advantages of containerisation as a means of transport.
7. Explain **five** features of monopolistic competition.
8. Explain **five** measures that a small scale firm may take to expand its operation in order to enjoy economies of scale.
9. Explain **five** uses of computer in an organisation.
10. Highlight **four** advantages that Kenya enjoys by being a member of East African Community.
11. Explain **five** reasons why the government should encourage the development of many businesses in the country.
12. Explain **five** advantages that a private limited company will gain by converting to a public limited company.
13. With the aid of a diagram, explain the effect of an increase in supply to the equilibrium price and quantity of a commodity.
14. Explain **five** problems faced by public corporations in Kenya.
15. Hokakira Company Limited has located its new factory in a major town in Kenya. 16.
16. Explain **five** factors that may have attracted the factory in town.
17. Describe **five** ways in which consumer associations may carry out their protection activities.
18. Explain **five** advantages of sole proprietorship form of business unit.
19. Explain five guidelines that an insurance company need to follow before issuing an insurance policy
20. Explain **five** factors that may enhance efficient running of a warehouse.
21. Explain **five** benefits that accrue to an organisation that adopts an open office plan.

22. Explain **five** circumstances under which containerization may be used to transport goods.
23. Discuss five factors that may be considered when choosing a method for promoting a product.
23. Explain **five** difference between banking and non-banking financial institutions .
24. Explain **five** differences between public corporation and public limited companies.
25. Explain **five** factors that may influence the level of national income of a country.
26. Explain **five** tools of monetary policy used by the central bank to control inflation.
27. Explain **five** features of oligopoly.
28. Explain **five** reasons that may lead to a business failure.
29. Explain **five** roles played by Nairobi Securities Exchange in the Kenyan economy.
30. Explain **five** merits of using sales people to promote the sales of a particular product.
31. Explain **five** qualities of a good tax system.
32. Explain **five** differences between public limited company and private limited company .
33. Explain **five** factors that may lead to success of a business.
34. Explain five sources of government revenue.
35. Explain **five** factors that may hinder the development of a country.
36. Explain **five** factors to consider in the choice of means of transport.  
Safaricom company has grown into a large enterprise over time.
37. Explain **five** diseconomies of scale which it may experience.
38. Explain **five** reasons why an effective filing system is important in an office.
39. Explain **five** disadvantages that a developing country may suffer by liberalizing foreign trade.
40. Explain **five** reasons that may make a manufacturer sell its products directly to consumers

## Accounting

41. Indicate whether the items listed are fixed assets, current assets, long term liabilities or current liabilities.

Item	Fixed assets	Current assets	Long-term liabilities	Current liabilities
Stock				
2 year bank loan				
Debtor				
Trade credit				
Bank overdraft				

42. Using a balance sheet equation,fill in the amounts missing in the table below for the three businesses X,Y and Z

Item	Business X	Business Y	Business Z
Assets	800,000	-----	1,500,000
Capital	620,000	940,000	-----
Liabilities	-----	500,000	450,000

43. State four uses of capital in a business.

44. The following information relates to Chui traders for the period ended 31.12.2020

Capital	528,000
Cash in hand	20,000
Cash at bank	120,000
Creditors	50,000
Buildings	200,000
Fixtures	30,000
Stock	18,000
2 year loan	100,000
Debtors	40,000
Van	250,000

Required: Prepare a balance sheet as at 31.12.2020.

45. Study the following balance sheet of Kiboko Traders which has been wrongly drawn and prepare a correct one.

**KIBOKO TRADERS**  
**BALANCE SHEET**  
**AS AT 31.12.2006**

Stock	80,000	Bank Overdraft	80,000
Creditors	50,000	Debtors	35,000
3 Year Loan	65,000	Land	120,000
Capital	130,000	Furniture	75,000
		Cash	15,000
	325,000		325,000

46. The following information relates to Nyamira Traders as at 31<sup>st</sup> march 2005.

DETAILS	SHS
Capital	400,000
Sales	560,500
Purchases	100,000
Returns	500
Return outwards	1000
Carriage inwards	15,000
Carriage outwards	6,000
Opening stock	50,000
Discount allowed	2,000
Discount received	4,000
Rent income	16,000
Insurance	8,000
Transport	1,000

Wages	10,000
Debtors	400,000
Creditors	60,000
5-year loan	40,000

Using the information above, determine:

- i. Turn-over
- ii. Cost of sales
- iii. Mark-up
- iv. Margin
- v. Rate of return on capital

**47.** The following transactions relates to Swara Enterprises for the month of February 2020.

February

- 1 Sold goods for Ksh 280,000 to Zebra Traders on credit.
- 2 Bought goods for Ksh 256,000 from Lama Enterprises on credit.
- 3 Zebra Traders returned goods worth Ksh.50,000
- 4 Sold goods for Ksh. 200,000 to Simba Limited on credit.
- 5 Chui Limited returned goods worth Ksh.28,000
- 6 Purchased goods for Ksh.57,000 from Elephant Limited on credit.
- 7 Returned goods worth Ksh. 7,200 to Elephant Limited

Prepare:

- i. Purchases journal
- ii. Purchases returns journal
- iii. Sales journal.
- iv. Sales returns journal

**48.** The balances given below were extracted from the ledger accounts of Kimathi Traders for the year ended 31<sup>st</sup> December, 2012.

	Shs.
Capital	2,700,000
Drawings	50,000
Office expenses	30,000
Discount allowed	12,400
Discount received	19,220
Land	1,230,500
Debtors	120,000
Equipment	440,000
Building	1,538,800
Gross profit	794,520
Creditors	80,000
Bank loan	700,000
Cash at bank	190,000

Rent	45,000
General expenses	571,740
Stock (as at 31 <sup>st</sup> December,2009)	54,700
Cash at hand	10,600

Prepare the trial balance of the business as at 31<sup>st</sup> December,2012.

49. The following is a trial balance of Zebra stores as at 31<sup>st</sup> march 2021.

	<b>Dr.</b>	<b>Cr.</b>
Purchases	150,000	
Returns	4,000	6,000
Sales		168,000
Stock (1 <sup>st</sup> April 2020)	60,000	
Rent	6,000	
Discount	3,000	5,000
Salaries and wages	17,000	
Insurance	8,000	
Capital		210,000
Land	80,000	
Building	50,000	
Motor car	70,000	
Loan from ICDC		100,000
Debtors	4,000	
Cash at bank	32,000	
Cash in hand	9,000	
Creditors		6,000
Drawings	<u>2,000</u>	
	<u>495,000</u>	<u>495,000</u>

50. On 1<sup>st</sup> January 2021,Zebra Traders had shs. 180,000 cash in hand and a bank overdraft of Shs. 57,500. During the month, the following took place:

- 3<sup>rd</sup> Jan: Cash sales shs. 2,800
- 4<sup>th</sup> Jan: A debtor settled his account of Shs. 90,000 by cheque.
- 10<sup>th</sup> Jan: Paid salaries Shs. 40,000 in cash.
- 12<sup>th</sup> Jan: Took cash Shs. 35,000 to settle personal debt.
- 23<sup>rd</sup> Jan: Received a cheque Shs. 5700 from Ouru Distributors after deducting 5% cash discount.
- 24<sup>th</sup> Jan: Deposited Shs. 10,000 in the bank from office cash.
- 25<sup>th</sup> Jan: Purchased stock worth Shs. 8950 from Simba Traders on credit.
- 27<sup>th</sup> Jan: A cheque received on 4<sup>th</sup> January was dishonoured . The bank charged Zebra him Shs. 2,500.
- 29<sup>th</sup> Jan: Settled creditors account of Shs.6,000 by cheque less 3% cash discount.
- 31<sup>st</sup> Jan: Banked all cash except Shs.40,000.

Required: Prepare Zebra Traders three column cash book for the month of January 2021

51. The following Trial balance was extracted from the books of Elephant Traders as at 30<sup>th</sup> June, 2020.

**ELEPHANT TRADERS  
TRIAL BALANCE  
AS AT 30<sup>TH</sup> JUNE 2020**

DETAILS	DR	CR
Premise	1,500,000	
Debtors and Creditors	20,300	30,000
Cash at bank	153,000	
Cash in hand	10,000	
Purchases and sales	140,000	3,200,000
Stock (1/7/2019)	956,000	
Discounts	6,000	2,000
Salaries and wages	50,000	
Commission		8,000
Power and lighting	12,000	
Returns	15,000	19,000
Carriage on purchases	5,400	
Carriage on sales	2,300	
Capital		543,000
Furniture	27,000	
Motor vehicle	956,000	
	3,802,000	3,802,000

Additional information:

Stock as at 30<sup>th</sup> June, 2020 was 22,000

Required: Prepare Trading, Profit and Loss account for the year ended 30<sup>th</sup> June 2020. (10 marks)

52. Simba limited started a business on 1<sup>st</sup> June, 2021 with:

Equipment 40,000  
Cash at bank 100,000  
Cash in hand 50,000

During the month the following transactions took place:

June 5: Deposited sh. 30,000 of the cash in hand to the business bank account.

June 9: Took a typewriter worth Sh. 50,000 from his house to the office for use in the business.

June 12: Bought goods for sale on credit from Patel Distributors Sh. 60,000  
 June 15: Took some of the equipment valued at Sh. 15,000 for personal use.  
 June 25: paid Patel Distributors Sh. 45,000 by cheque.  
 June 30: Paid rent for the business premises Sh.12,000 in cash  
 Prepare a balance sheet of the business as at 30<sup>th</sup> June, 2021.

**53.** The following information relates to Zebra Enterprises as at 31<sup>st</sup> October 2021.

	SHS
Fixed assets	246,500
Drawings	22,000
Capital	180,000
Stock	68,000
Net profit	92,000
Bank loan (5 years)	100,000
Debtors	86,000
Cash in hand	5,500
Creditors	40,000
Bank overdraft	16,000
Required:	

Prepare a balance sheet as at 31<sup>st</sup> October 2021.

Calculate:

- i. Net worth
- ii. Working capital
- iii. Capital employed
- iv. Current ratio

**54.** The following were assets and liabilities of Soda Enterprises as at 1<sup>st</sup> January, 2021.

	Shs.
Furniture	10,000
Ouko (debtor)	12,000
Cash in hand	19,000
Bank overdraft	6,000
Juma (creditor)	15,000

During the month the following transactions took place.

- i. Deposited Sh 6,000 of cash in hand into business bank account.
- ii. Donated furniture valued at Sh6,000 from his private residence to the business.
- iii. Paid Juma Sh8,000 by cheque
- iv. Received a cheque of Sh. 10,000 from Ouko.
- v. Bought furniture for Sh 5,000 paying in cash.

Required:

Prepare the balance of the business as at 31<sup>st</sup> January, 2021.

(10 marks)

**55.** On 1<sup>st</sup> October 2013, MAMBO Traders Had shs.10,000 cash and shs.40,000 at the bank.

During the month, the following transactions took place.

- Oct 2: Bought goods worth shs3,100 by cheque
- 3: Paid motor expenses shs.6000 in cash
- 6: Sold goods worth 8200 cash
- 10: paid a creditor shs.9500 by cheque after deducting a 5% cash discount
- 12: Received a commission of shs.580 directly into the bank account.
- 14: Shelby, a debtor, settled her account of shs.30,000 by cheque less a 2.5% cash discount
- 15: The bank deducted shs. 850 from the business account for services rendered
- 19: The owner took shs.1500 by cheque for personal use
- 23: Maboko traders settled their account of shs.39,200 by cheque less 3% cash discount
- 24: Withdrew shs.15,000 from bank for business use
- 26: Received a cheque shs.8,200 from a debtor in full settlement of a debt of shs.8,500
- 30: Took all the cash to the bank leaving only shs.1800 in the cash till

***Required:***

Prepare a duly balanced three column cash book.

**(10marks)**

**56.** The following details were extracted from the books of Juliana Traders in July 2017

**INVOICES ISSUED.**

July 2: Mwango 120,000

July 4: Nyambura 60,000

July 10: Mwango 150,000

July 25: Nyambura 80,000

**INVOICES RECEIVED.**

July 1: Ndovu 220,000

July 3: Ndovu 90,000

July 14: Omari 40,000

July 28 Ndovu 110,000

**CREDIT NOTES SENT**

July 8: Mwango 20,000

July 28 Nyambura 16,000

**CREDIT NOTES RECEIVED**

July 11 Ndovu 30,000

July 27: Ndovu 10,000

Prepare the relevant journals from the information given.

**(10 marks)**