**Name………………………………………………Admission Number……………………**

**Stream / Class……………………………………..Date………………………………….**

**565/2**

**BUSINESS STUDIES**

**June 2021**

**Form 3**

**2hours**

**LESSON STUDY BUSINESS STUDIES EXAMINATIONS**

**Instructions to Candidates.**

1. *Write your name, admission number, school and stream in the spaces provided above.*
2. *This paper consists of* ***six*** *questions.*
3. *Answer any* ***five*** *questions.*
4. *All answers should be written in the answer booklet provided.*
5. ***This paper consists of 3 printed pages.***
6. ***Candidates should check the question paper to ascertain that all pages are printed as indicated and that no questions are missing.***
7. ***Candidates should answer the questions in English.***

**For examiners use only**

|  |  |  |
| --- | --- | --- |
| **Question** | **Maximum score** | **Candidate’s score.** |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
|  | 20 |  |
| **TOTAL** | |  |

1 (a) Explain **five** characteristics of services. (10 marks)

(b) Explain **five** circumstances under which a firm would carry out personal selling. (10 marks)

2. (a) Explain **five** differences between life assurance policy and General insurance policy. (10marks)

(b) Explain **five** factors that may lead to an increase in national income of a country. (10 marks)

3. (a) On 1st March 2016, Nadala had cash in hand Sh. 7800 and a bank overdraft of Sh.23400. During the month, the following transactions took place.

March 3: Cash sales Sh. 6500 paid direct into bank.

March 4: Bought goods for Sh. 15 000 and paid by cheque.

March 6: Cash sales Sh. 50 000.

March 9: Received a cheque for Sh. 76 500 from Amolo in settlement of his debts.

March13: Paid insurance premium Sh. 16 000 in cash.

March14: Paid Kamotho by Cheque Sh. 9700 in full settlement of his account having deducted 3% cash discount.

March17: Cash sales Sh. 150 000 paid direct into bank.

March21: Withdrew Sh. 30 000 from bank for office use.

March23: Received a cheque of Sh. 23 750 from Rotich in full settlement of his account less 5% cash discount.

March25: Paid wages of Sh. 20 000 in cash.

March26: Cheque received from Amolo was dishonoured.

March30: Banked all cash except Sh. 3 000.

Required: Prepare a three – column cash book dully balanced. (10 marks)

(b) Explain **five** advantages of division of labour. (10 marks)

4. (a) the following balances were extracted from the books of Biashara Traders as at 31st December 2011.

Buildings 100,000

Debtors 54,000

Capital 136,000

Sales 85,000

Purchases 48,400

Stock 1st January 2011 25,000

Creditors 35,700

General expenses 31,800

Bank overdraft 2,500

Required: Prepare a trial balance 31st December 2011 (10 marks)

(b) Explain **five** disadvantages associated with water transport. (10 marks)

5 (a) The table below shows demand schedule and supply schedule of potato produce in the month of January 2020.

|  |  |  |
| --- | --- | --- |
| **Price (shs)** | **Quantity demanded**  **(Kg per month)** | **Quantity supplied.**  **(Kg per month)** |
| 5 | 70 | 10 |
| 10 | 60 | 20 |
| 15 | 50 | 30 |
| 20 | 40 | 40 |
| 25 | 30 | 50 |
| 30 | 20 | 60 |

Use the information above to draw a demand and supply curve to determine the market equilibrium. (10 marks)

(b) Explain **four** differences between perfect competition market and monopoly market structure (10 marks)

6 (a) Explain **five** factors that may contribute to failure in a business enterprise. (10 marks)

(b) Explain **five** factors to be considered when choosing the type of office layout to be adopted by a firm. (10 marks)