**Name………………………………………………… Admission No…………………………………..**

**Student’s signature……………………………... Date…………….…………………………….…..**

**FANAKA GIRLS HIGH SCHOOL**

**DECEMBER HOLYDAY ASSIGNMENT**

**TOTAL:**

**BUSINESS STUDIES**

**FORM 3**

**INSTRUCTIONS TO STUDENTS**

1. **Write your name and admission number in the spaces provided above.**
2. **Answer all the questions in this question paper.**

**SECTION A**

**1.** State four functions of an entrepreneur. (4 marks)

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**2.** State four factors that affect the flow of national income. (4 marks)

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**3.** Highlight four circumstances under which a partnership can be dissolved. (4 marks)

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**4.** Outline four circumstances under which a credit note can be issued. (4 marks)

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**5.** Outline four principles of insurance (4 marks)

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**6. Yenko** wants to communicate to her suppliers. Highlight four reasons that will make him use letters instead of telephone. (4 marks)

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**7.** Highlight four features of an effective warehouse. (4 marks)

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**8.** The figure below shows a decrease in demand for a commodity from D0D0 to D1D1

State four possible causes that have led to this situation.

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**9.** Fill in the missing figures in the following table using the book keeping equation. (4 marks)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Fixed Assets | Current Assets | Capital | Liabilities |
| a) | 275,500 | - | 315,000 | 115,500 |
| b) | 182,000 | 108,700 | - | 217,100 |
| c) | - | 76,400 | 123,100 | 91,900 |
| d) | 313,450 | 211,340 | 189,170 | - |

**10.** The following figure relate to Jumbo Traders for the year ended 31/12/17.

Details Ksh.

Capital (13/12/17) 940,000

Net loss 20,000

Additional investment 420,000

Monthly drawings 5,000

Determine capital as at 1.01.17. (4 marks)

11. Graphically show, the effect of increased supply on equilibrium price and quantity. (10 marks)

12. Use the transactions given below to prepare Malibu Traders three column cash book for the month of March 2017 and balance it off. (10 marks

2017

1st March Had sh.18,000 cash and a bank overdraft of sh.6700

2nd March Made cash sales sh.14,500

3rd march A debtor settled his account of sh.45,000 by cheque less 5% cash discount

4th March Used cash to pay salaries sh.5,000

8th March Settled a creditor’s account of sh.6000 by cheque less 3% cash discount

18th March Received a cheque of sh.8460 from a debtor after deducting 10%

24th March Cash sales paid direct into bank sh.3400

28th March Withdrew sh.2500 from the bank for family use

30th March Deposited sh.9500 from the office into the business bank account

31st March Banked all the money except sh.3600

13a). The following balances of assets and liabilities were provided by safari merchants as at 31/12/2015

|  |  |
| --- | --- |
| **Item** | **Shs.** |
| Bank overdraft | 80,000 |
| Land | 200,000 |
| Accrued electricity bill | 50,000 |
| Stock | 10,000 |
| Debtors | 20,000 |

The business had drawings amounting to Shs.20,000 during the year.

Prepare a balance sheet to determine the net worth of the year. (5 marks)

b). The following assets and liabilities belong to Jacky’s stores as at 31st March 2005. Buildings Shs.200,000, debtors Shs.8,000, creditors Shs.32,000, stock Shs.24,000, cash at bank Shs.120,000, cash in hand Shs.40,000, loan from HFCK Shs.100,000 and capital Shs.260,000.

During the month of April 2005, the following transactions took place.

|  |  |  |
| --- | --- | --- |
| April | 1 | Sold goods worth Shs.2,100 cash. |
|  | 2 | Paid creditors Shs.8,000 cash. |
|  | 10 | Received Shs.2,000 from debtors in cash. |
|  | 15 | Bought a motor van Shs.350,000 paying by cheque. |

**Required:**

Prepare a balance sheet as at 15th April 2005. (show your workings) (5 marks)

14. Record the following transactions in a relevant ledger accounts and balance them off. (10 marks)

Jan 1 2018: Kipetu started a business with Cash in hand Sh. 18,000 and Cash at Bank Ksh. 11,000

Jan 3 2018: Cash purchases Sh. 15,000

Jan 14 2018: Cash sales Sh. 12,000

Jan 25 2018 Withdrew cash from the bank for personal use Sh. 8,000

Jan 26 2018 Banked Ksh 2,000 from cash till

Jan 27 2018 Bought goods on credit worth ksh 5000 from Wanjiku

Jan 30 2018 Returned goods worth ksh 500 to Wanjiku