

BUSINESS FORM THREE PAPER 1 END TERM 3 2019

NAMEADM.....CLASS.....

Answer all the question in the spaces provided after each

1. Outline four circumstances under which a business person would allow a customer to acquire goods on credit. (4mks)

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2. State any four errors that will not affect the balancing of a trial balance. (4mks)

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3. Highlight four demerits of using machines in carrying out office activities. (4mks)

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4. Name the factor that each of the following resources relate to (4mks)

Resource	Factor of production
a. Manager	
b. Water	

c.	Owner	
d.	Vehicle	

5. Outline four ways in which warehousing promotes trade in Kenya. (4 marks)

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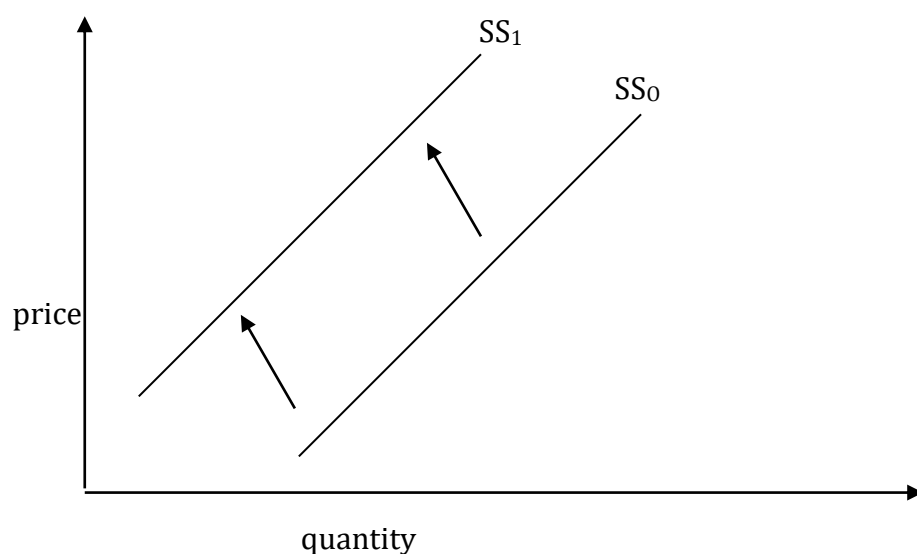
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6. The diagram below shows a shift in supply curve from S_0S_0 to S_1S_1



- Identify four factors that have made the supply curve to shift from S_0S_0 to S_1S_1 (4mks)

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7. State the type of advertising that each of the following statements relate to (4mks)

	Statement	Type of advertising
i.	Persuade consumers to buy a product	

i.	Promotes a particular brand of a product	
ii.	Create awareness about a product	
iii.	Promotes the name of the manufacturer	

8. For each of the following transactions, state the account to be debited and the account to be credited. (4mks)

	Transaction	Account to debit	Account to credit
a.	Paid a creditor from private source		
b.	Brought in cash from private source		
c.	Withdrew cash for personal use		
d.	Bought goods and paid by cheque		

9. State four reasons why consumers have to make a choice between competing needs. (4mks)

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10. State four limitations of containerization. (4mks)

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11. Highlight four ways in which prices of goods and services may be determined in the market other than the forces of demand and supply. (4mks)

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12. Outline four uses of balance sheet by a business. (4mks)

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13. Outline four reasons why government may find it necessary to protect consumers. (4mks)

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14. State four features that distinguish a private company from a public company.(4mks)

Private company	Public company
1.	
1.	
1.	
1.	

15. Highlight four benefits that may accrue to a customer who buy goods from a manufacturer (4mks)

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16. State four circumstances under which a seller would issue a credit note to a buyer(4mks)

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17. Outline four roles of an entrepreneur in a business. (4mks)

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18. Illustrate with simple diagram, four channels a local farmer would use to distribute his produce.(4 mks)

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19. Outline four benefits that will accrue to a firm as a result of increased scale of operation(4mks)

20. Give two examples of products that would face the following types of demand.(4mks)

- a) Derived demand
- b) Joint demand
- c) Composite demand
- d) Competitive demand

21. Outline four roles of filing in an office. (4mks)

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22. Outline four effects of an ageing population on an economy. (4mks)

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23. Indicate the balance sheet items and show how they would be affected by the following transactions. (4mks)

- a. Purchase of a motor bicycle by cheque
- b. Sale of goods on credit to Baraka
- c. A debtor pays his debt in cash
- d. The owner converted his personal house into business use

24. The following trial balance was incorrectly prepared

KALWAL TRADERS
TRIAL BALANCE
AS at 31-Dec-2004

	DR	CR
Capital		31000
Cash in hand	11000	
Creditors	14000	
Insurance		12000
Debtors	13000	
Drawings		15000
Bank over draft		6000
Bank loan	18000	
Stock		18000
	<u>56000</u>	<u>56000</u>

Required: Prepare the correct trial balance
(marks)

(4

25. Outline four differences between a monopoly and a monopolistic competition as product market (4mks)

Monopoly	Monopolistic competition
i.	
ii.	
iii.	
iv.	