**GITHUMU BOYS HIGH SCHOOL**

**Business Studies form 3**

**December Holiday Assignment-2024**

***Section A***

1. State four characteristics of a sole proprietorship form of business. 4mks

2. Highlight four features of labour as a factor of production. 4mks

3. Highlight four advantages of government involvement in business. 4mks

4. Give four advantages of advantages specialization and division of labour. 4mks

5. Highlight five circumstances under which personal selling may be appropriate to the seller. 5mks

6. State four importance of insurance to the economy of Kenya. 4mks

7. State four circumstances under which a seller may issue credit note. 4mks

8. Kamau bought a car for sh 5000,000 and insured the car for sh 3000,000 against accident. Later the car had an accident and the estimated loss was sh 10000,000. Calculate how much Kamau was compensated. 4mks

9. State five functions of commercial attaches. 5mks

10. Highlight four functions of an office. 4mks

11. Highlight four elements of transport. 4mks

12. State four reasons why a school may prefer to communicate to parents by use of letters. 4mks

13. Highlight four importance of warehousing to the consumer. 4mks

14. State four characteristics of basic human wants. 4mks

15. Highlight four features of life assurance policies. 4mks

16. State three reasons why firms may form cartels. 3mks

17. State five principles of cooperatives. 5mks

***Section B***

19. Explain any five principles of insurance. 10mks

20. Explain five types of advertising. 10mks

21.Outline four assumptions that are associated with perfect competition. (4mks)

22.Highlight four circumstances under which a trader may wish to hire an office machine rather than purchasing it. (4mks)

23.State four gaps that an entrepreneur can exploit. (4mks)

24.Assuming you are a human resource manager in an institution, outline four measures you can take to improve employees productivity. (4mks)

25.Land is a basic factor in production. Outline four characteristics that describe it. (4mks)

26.Outline four limitation of using free samples in product promotion. (4mks)

27.State four characteristic of a good filling system. (4mks)

28.Outline four uses of a delivery note in trade. (4mks)

29.Define the following terms. (4mks)

a) Monopoly –

b) Duopoly-

c) Product differentiation –

d) Market –

30.Name the type of business organization described in each of the following. (4mks)

|  |  |
| --- | --- |
| Description | Business Organization |
| Formed by act of parliament |  |
| May have infinite members |  |
| Managed by a committee |  |
| Formed between two to fifty partners |  |

**SECTION C**

1. Explain five sources of monopoly power. (10mks)
2. Explain five factors that need to be considered before a firm start producing a certain production. (10mks)
3. Outline five disadvantages of localization of firms. (10mks)
4. Explain five factors influencing the choice of distribution channel. (10mks)

5. The following balances were extracted from the books of Malaba Traders on 1st January 2020  
                      Kshs.  
Capital          600,000  
Creditors      180,000  
Motor van     200,000  
Furniture      200,000  
Stock            60,000  
Debtors        80,000  
Cash            240,000  
The following transactions took place during the year ended 30th June 2020

* + 1. Purchased goods worth Kshs. 100,000 for which of Kshs. 70,000 was paid and the balance was still outstanding at the end of the trading period.
    2. Cash Kshs. 10,000 was taken by the owner of the business to pay the daughter’s school fees
    3. Sold furniture worth Kshs. 60,000 for which Kshs. 40,000 cash was received and the balance was due at the end of the trading period  
       Prepare a balance sheet as at 30th June 2020
  1. Explain **five** factors that may promote entrepreneurship in Kenya.       (10 marks)

6.On March 1 2017, Lyon had cash in hand sh.87,000 and cash at bank sh.250,000. During the month, the following transactions took place:

**2017**

March 2: Cash sales sh.60,000

3: Paid salaries sh.101,500 by cheque

7: Received a cheque of sh.76,000 from Henry after allowing him a cash discount of 5%

13: Bought office furniture by cheque sh.86,000

17: Settled Marita’s account for sh.34,200 in cash, having deducted sh.800 cash discount.

20: Received a cheque for sh.165,000 in respect of cash sales.

22: Paid wages sh,25,000 in cash.

24: Withdrew sh.32,000 from the bank for office use.

25: Withdrew sh.4000 cash for personal use

29: received sh.17,000 cash form Alvin in settlement of his account less sh.1000 cash discount.

31: Deposited all the money into the bank except sh.24,000.

**Required**:

Prepare a three column cash book duly balanced. (10 marks)

1. On 1st January 2015, Ndovu Traders had Ksh 30,000 in cash and Ksh 75,000 at the bank. During the month, the following transactions took place:  
   January 2: Bought goods in cash worth Ksh 15,500.  
   5: Received cash from Chui Ksh 23,750 after allowing 5% cash discount.  
   8: Withdrew Ksh 8,900 from the bank for personal use.  
   11: Maro, a debtor settled her account of Ksh 16,800 by a cheque of Ksh 16,000.  
   15: Sales amounted to Ksh 24,250 in cash.  
   17: Paid Furaha traders Ksh 29,100 in cash in full settlement of their account less 3% cash discount.  
   20: Withdrew Ksh 15,000 from the bank for business use.  
   22: Koko a debtor settled her account of Ksh 40,000 by cheque less 2.5% cash discount  
   25: Paid wages Ksh 21,000 cash  
   Required: Prepare a duly balanced three column cash book. (12 marks)