

TERM 2 2020/2021, HOLIDAY ASSIGNMENT 1

BUSINESS STUDIES FORM 3

ATTEMPT ALL QUESTIONS

1. Highlight four types of unemployment.
2. Explain 5 causes of unemployment in Kenya.
3. Describe four measures the Kenyan government is taking to curb unemployment in the country.
4. Give 4 positive impacts of a youthful population.
5. The information given below was extracted from the books of Birika Traders on 31 December 2014: (4 marks)

Details

Furniture and fittings	234,000
Debtors	67,500
Capital	157,900
Commission earned	13,200.
Creditors	34,750
Drawings	21,800
5-year Bank Loan	114,450
Discount received	3,000.

Amount (Kshs)

Required: Prepare Birika Traders Trial Balance as of 31 December 2014.

6. Name the basic concept in population described in the statements given below: (4 marks)
 - (a) Population size that is adequate for the full utilization of available resources in country.
 - (b) The average number of births per one thousand women in a year.
 - (c) When a country is experiencing higher death rates than birth rates.
 - (d) Where a bigger proportion of the population is comprised of people who are above 55 years old.
7. State four reasons for maintaining a cash book in a business enterprise. (4 marks)
8. Watamu Enterprises had the following assets and liabilities on 1st May 2014:

Particulars	Shs.
Equipment	800,000
Capital	1,200,000
Creditors	100,000
Debtors	200,000
Stock	250,000

Cash at bank 50,000

The following transactions took place on 2nd May 2014:

- (i) Bought goods for re-sale Shs 150,000 on credit
- (ii) A debtor paid Shs 100,000 by cheque
- (iii) Sold the equipment for Sh900,000 cash

Required: Prepare Watamu Enterprises balance sheet after the above transactions. (5 marks)

9. Identify the types of ledger in which each of the following accounts would be found: (4 marks)

Account	Type of ledger
a. Otieno (buyer)	
b. Carriage outwards	
c. Mueni (supplier)	
d. Cash at bank	

10. The following opening balances were extracted from the books of Mageta Traders on 1 July 2016:

The following transactions took place in the course of the month:

- Paid a creditor Sh4,500 in cash.
- Took Sh3,000 from the bank for family use.
- Bought stock Shs 18,600 on credit.
- Acquired a 10-year bank loan Shs 165,000 which was credited to the business bank account.
- Purchased land worth Shs 82,000 paying by cheque.
- Converted a family table worth Sh5,500 to business use.
- Received Shs 7,300 in cash from debtor.

Required: Prepare Mageta Traders Balance Sheet at the end of July 2016 (10 marks)

11. Use the transactions given below to prepare Jawabu Traders two-column cash book for the month of February 2015. (10 marks)

1st Feb. Had Shs 12,500 cash and a bank overdraft of Shs 5,000.

2nd Feb. Used cash to pay for water bill Shs 800, electricity Shs 1,100 and wages Sh4,700.

3rd Feb. Received a cheque of Shs 18,900 from a debtor.

5th Feb. Sold goods worth Shs 7,150 in cash.

7th Feb. Paid for goods bought for resale worth Shs 6,400 by cheque.

9th Feb. Received a cheque of Shs 13,000 from the co-operative society as earnings from dividends.

10th Feb. Withdrew Shs 2,500 from the bank for family use.

13th Feb. Received Shs 15,900 in cash from a debtor.

15th Feb. Deposited Sh9,500 from the office into the business bank account.

17th Feb. Paid a creditor by cheque Sh4,390.

27th Feb. Used all the money in the bank to purchase furniture leaving only a balance of Sh2,010.

12. The following transactions relate to Dagoreti Enterprises for the month of March 2016. March 1: Started business with Kshs 15,300 in cash and a bank overdraft of Kshs 8,200.

March 3: Made cash purchases of Kshs 10,200 in cash.

March 4: Harrison, a debtor settled his account of Kshs 18,000 by issuing a cheque of Kshs 13,400 and the rest by cash.

March 5: Paid wages by cheque, Kshs 5,000.

March 6: Received a cheque of Kshs 9,310 from Chebet.

March 7: Received cash, Kshs 7,720 from Otieno.

March 8: Paid Hassan Kshs 5,450 in cash.

March 9: Deposited Kshs 6,000 from the office into the business bank account.

March 10: Paid insurance Kshs 3,700 by cheque.

March 11: Paid Ksh3,900 for repairs in cash.

March 12: Received Kshs 8,570 in cash from Mwende.

March 13: Received a cheque of Kshs 11,200 from Makokha.

March 14: Paid water bill Kshs 2,590 by cheque.

March 15: Paid rent Ksh6,500 by cheque.

March 29: Took all the cash that was in the office and deposited it into the business bank account.

Required: Prepare a two-column cash book for the month of March 2016. (10 marks)

13. The following information relates to Zawadi Traders rental income:

1.1.15: Had Kshs 50,000 in the rent income account at the beginning of the year.

10.6.15: Received Kshs 120,000 from tenants.

12.11.15: Refunded Kshs 20,000 to a tenant who had vacated the premises.

Required:

Prepare Zawadi Traders Rental Income Account. (4 marks)

14. The following information related to the business of Katura Traders for 30th November 2015.

Nov 25	Katura Traders started business worth sh. 160,000 cash.
26	Bought goods for sh. 120,000.
27	Cash sales sh. 126,000.
28	Paid for electricity sh. 1000 cash.

- 29 Received cash 37500 for rent.
30 Paid commission sh. 6,000 in cash

Enter the above transactions into the relevant ledger accounts and extract a trial balance.
(10mks)

15. State the type of unemployment describes by each of the following statements. (4mks)

- a) A person has absolutely nothing to do but is willing and able to work.
- b) A worker does not have specific skills and loses job when the contract between him and employer ends.
- c) The number of people exceeds those that are required.
- d) Caused by seasonal variations such that during peak period, there is high demand for labor and during off peak period, the demand for labor goes down.

16. J.B Traders had the following assets and liabilities as at 1st January 2004

Furniture	350,000
Debtors	45,000
Stock	25,000
Cash	7,500
Creditors	48,000

For the year ended 31st December 2004

- i) Additional capital introduced was sh. 24,000.
ii) Drawings made during the year were sh. 20,000.
iii) Net profit was sh34,500.

Determine the capital as at 31st Dec 2004.

17. Record the following transactions in the relevant ledger accounts (4mks)

2015

May 5: Bought stock worth sh. 60,000, paid sh.45,000 cash and the balance to be paid later.

May 10: Sold goods on credit sh.50,000.

May 15: Owner bought in additional cash sh. 10,000 and a personal car worth sh. 100,000 for business use.

18.

Date	Details	D.A/l	Cash	Bank	Date	Details	D.rec	Cash	Bank
2014	Bal b/d		72,000		2014	Bal b/d			356,000
Dec 1	James		<u>40,000</u>	600,000	Dec 1	Domini c	5,000	<u>112,00</u>	100,00
“ 4	Sales		<u>112,00</u>	—	“ 4	Bal c/d	—	<u>0</u>	0
“ 20			<u>0</u>	<u>600,000</u>	12 “ 20		<u>5,000</u>	<u>112,00</u>	<u>144,00</u>
								<u>0</u>	<u>0</u>
									<u>600,00</u>

Required

State the meaning of the transaction that took place on

(4mks)

i) Dec 1st, 2014

ii) Dec 4th, 2014

iii) Dec 12th, 2014

19. Classify each of the following ledger accounts into either real, private personal or nominal and indicated the ledger in which they are found

(4mks)

Account	Type of account	ledger
a) Premises		
b) Salaries expenses		
c) Drawings		
d) Omosh(Debtor)		

20. On 1st January 2010, the capital in John’s business was Shs. 78,000 whereas on 31st December that year, the capital was Shs. 95,000. During that year John made a net loss of sh. 36,000 and made an additional investment of Shs 65,000 into the business. Calculate the drawings made by John that year.

(4mks)

21. State the type of ledger account to which each of the following accounts relate. (4mks)

Account	Type of ledger Account
a) Commission income	
b) Pre-paid insurance	
c) Supplier	

d) Motor vehicle	

22. Mheshimiwa Limited had the following ledger account balances as at 31st May 2010.

Details	Sh
Purchases	3,880
Sales	3,350
Return outwards	150
Return inwards	160
D.Simola(debtor)	2,550
P Mwende(creditor)	8,100
Wages	800
Cash	960
Capital	1,750

Required: Prepare Mheshimiwa's trial balance as of 31st May 2010 (5mks)

23. On 1st Sept 2015, Gondi had Shs 55,000 in hand and sh. 250,000 at bank.

During the month the following transaction took place.

- Sept 2 Cash sales banked Shs 35,260.
- Sept 3 Bought ribbons in cash Sh. 4500
- Sept 8 Paid Wangila a creditor Shs 94,000 by cheque in full payment of his account after deducting 6% cash discount.
- Sept 12 Received a cheque for sh. 58,800 from Wetu after allowing. Her a cash discount of sh. 1,200
- Sept 15 Paid salaries sh. 34,000 in cash.
- Sept 25 Withdrew sh. 50,000 from bank for office use.
- Sept 28 Anyango a debtor paid her account of Shs 75,000 by cheque less 10% cash discount
- Sept 30 Deposited all the cash into bank except Shs 13,700.

Required; Prepare a three-column cash book and balance it off. (10mks)