

NAME.....SET NO.....

SCHOOL.....

CATEGORY OF SCHOOL (TICK WHERE APPROPRIATE)

BOYS

GIRLS

MIXED

BUSINESS STUDIES CONTEST

SATURDAY 31ST MAY 2025

TIME: 1 HOUR

**MASENO SCHOOL – BUSINESS STUDIES CONTEST
SENIOR CATEGORY**

INSTRUCTION TO ALL CANDIDATES

ATTEMPT ALL QUESTIONS.

NO.	TOPIC	MAXIMUM SCORE	CANDIDATE'S SCORE
1	PRODUCTION	4	
2	INSURANCE	4	
3	FORMS OF BUSINESS UNITS	4	
4	SOURCE DOCUMENTS AND BOOKS OF ORIGINAL ENTRY	5	
5	LEDGER	4	
6	BUSINESS TRANSACTIONS	5	
7	PRODUCT PROMOTION	4	
8	MONEY AND BANKING	4	
9	NATIONAL INCOME	4	
10	PUBLIC FINANCE	4	
11	FINANCIAL STATEMENTS	4	
12	DEMAND AND SUPPLY	4	
TOTAL		50	

Sales Journal

Date	Details	LF	Invoice No.	Amount (shs.)
	Panda Traders			47,000√
	Juma Traders			23,000√
Total to sales A/c				<u>70,000√</u>

Sales Returns Journal

Date	Details	LF	Invoice No.	Amount (shs.)
	Panda traders			1300√
	Juma traders			2700√
Total to Sales Returns A/c				<u>4000√</u>

5 Highlight **four** errors that may cause a trial balance not to balance. **(4 marks)**

- a) **Arithmetic errors in the ledger**
- b) **Partial omission of entries / recording in only one account**
- c) **Partial reversal of entries**
- d) **Posting a wrong balance in a trial balance**
- e) **Indicating a balance on the wrong side of a trial balance**
- f) **Arithmetic errors in the trial balance**
- g) **Failure to post a balance from the ledger to a trial balance**
- h) **Posting a balance in wrong side of a trial balance**

6 Use the transactions given below to prepare a balance sheet for Zebra Traders as at 31st December 2021. **(5 marks)**

- i. Started a business with Shs. 150,000 in bank.
- ii. Purchased goods worth Shs. 75,000 on credit.
- iii. Turned a private vehicle worth Shs. 300,000 into business use.
- iv. Sold goods worth Shs. 25,000 for Shs. 27,000, receiving Shs. 14,000 by cheque and balance to be paid later.

Maisha traders
Balance sheet
As at 31st Dec. 2021

Motorvehicle	300,000	Capital	452,000
Bank	164,000	Creditor	75,000
Debtors	13000		
Stock	50,000		
	527,000		527,000

<p>7</p>	<p>Give four advantages of selling branded goods to customers. (4 marks)</p> <ul style="list-style-type: none"> a) Easy to identify the goods in the shelves b) Manufacturers can easily maintain certain standards / quality c) No need to explain the uses of the products d) Goods are not easily imitated / can identify genuine from fake e) Creates confidence in the consumers f) Easy to identify the product 																			
<p>8</p>	<p>Give two roles of money as:</p> <p>i. <u>Medium of exchange.</u> (2 marks)</p> <ul style="list-style-type: none"> a) Eliminates the need of double coincidence of wants b) Easy to compare values and prices of different goods / services c) Facilitate trade to take place d) Facilitate settling of debts <p>ii. <u>Store of value.</u> (2 marks)</p> <ul style="list-style-type: none"> a) Facilitate conversion of perishable goods into money for purpose of storage b) Surplus production can be sold and stored in form of money c) Money can be used in future to buy goods / services on demand d) Facilitates storage and preservation of value of wealth and convert back the wealth into goods and services 																			
<p>9</p>	<p>State four elements included in the circular flow of income. (4 marks)</p> <ul style="list-style-type: none"> a) Factor of production from the households to the firms b) Payment for factors of production to households c) Goods and services d) Payment for goods and services 																			
<p>10</p>	<p>Stamp duty, value added tax (VAT), excise duty and corporation tax are some of the types of taxes. Match these taxes with the statements given below. (4 marks)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 65%;">Statement</th> <th style="width: 30%;">Type of tax</th> </tr> </thead> <tbody> <tr> <td>(a)</td> <td>Tax imposed on domestically produced goods and services</td> <td>Excise</td> </tr> <tr> <td>(b)</td> <td>Tax charged on transfer of land</td> <td>Stamp duty</td> </tr> <tr> <td>(c)</td> <td>Tax imposed on goods and services at production and distribution stages</td> <td>Value added tax</td> </tr> <tr> <td>(d)</td> <td>Tax charged on profits made by companies</td> <td>Corporation tax</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Statement	Type of tax	(a)	Tax imposed on domestically produced goods and services	Excise	(b)	Tax charged on transfer of land	Stamp duty	(c)	Tax imposed on goods and services at production and distribution stages	Value added tax	(d)	Tax charged on profits made by companies	Corporation tax				
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<p>11</p>	<p>The following information relates to Simba Retail Shop as at 31st December, 2020.</p> <p style="text-align: right;">Shs.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Opening stock</td> <td style="width: 50%; text-align: right;">80,000</td> </tr> <tr> <td>Closing stock</td> <td style="text-align: right;">100,000</td> </tr> <tr> <td>Sales</td> <td style="text-align: right;">325,000</td> </tr> </table> <p>Rate of Stock Turnover is 3 Calculate:</p> <p>i. The cost of the goods sold. (2 marks)</p> <p>Rate of stock turnover = $\frac{\text{cost of goods sold}}{\text{average stock}}$</p> <p>Cost of goods sold = average stock x rate of turnover</p> $\left(\frac{1}{2} \times 180,000\right) \times 3 = 90,000 \times 3 = 270,000$ <p>ii. The gross profit. (2 marks)</p> <p>Gross profit = sales – cost of sales = 325,000 – 270,000 = 55,000</p>	Opening stock	80,000	Closing stock	100,000	Sales	325,000	
Opening stock	80,000							
Closing stock	100,000							
Sales	325,000							
<p>12</p>	<p>Outline the type of demand described by the following statements. (4 marks)</p> <p>a) Cotton is processed into many products like clothes, thread COMPOSITE DEMAND</p> <p>b) Buying shoes leading to buying shoe polish JOINT DEMAND</p> <p>c) A farmer needs to produce milk but must first of all breed dairy cows DERIVED DEMAND</p> <p>d) A customer buying tea to satisfy her needs instead of buying cocoa COMPOSITE DEMAND</p>							