**NAME\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ADM/NO\_\_\_\_\_\_\_\_\_\_\_**

**DATE\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ FORM\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**BUSINESS STUDIES**

**TERM TWO 2016**

**FORM F3**

**PAPER 1**

**TIME:**

**HOLA SECONDARY SCHOOL**

**MID TERM EXAMINATION**

****

**INSTRUCTIONS: Answer all questions.**

1. Identify the relevant daybooks/journals for each of the following transactions. (4mks)

|  |  |
| --- | --- |
| **Transaction** | **Daybook/Journal** |
| 1. Credit sales |  |
| 1. Cash purchases |  |
| 1. Payment by cheque |  |
| 1. Return of goods by credit customers |  |

2. Give four characteristics of labour.(4mks)

3. In the spaces provided, indicate the type of wholesaler described by each of the following statement given below.

|  |  |
| --- | --- |
| Description | Type of wholesaler |
| 1. Serves all parts of the country. |  |
| 1. Customers pick goods and pay for them at the cashier desk. |  |
| 1. Don’t take physical possession of goods as they don’t have storage facilities. |  |
| 1. Deal in a wide range of goods. |  |

4. Give four distinguishing features/differences between liners and Tramps. (4mks)

|  |  |
| --- | --- |
| **Liners** | **Tramps** |
|  |  |

5. On 1st May 2016, the cash book of Masumbuko Traders showed cash and bank balances of shs. 3,000 and shs. 150,000 respectively. Transactions that took place during the month were:-

May 2: Cash sales shs. 12,500.

May 10: Paid wages shs. 1,200.

May 15: Received a cheque for shs. 25,000 from a debtor.

May 25: Withdraw shs. 18,000 from the bank for office use.

May 28: Paid shs. 14,200 to a creditor by cheque prepaid a 2 column cash book and balance off. (5mks)

**6.** The following information relates to Gitugi General Traders.

Capital (Jan. 1, 2016) Shs. 130,000.00

Capital (Dec. 31st 2016 Shs. 140,000.00

Additional Investments Shs. 90,000.00

Drawings Shs. 20,000.00

Determine the profit or loss made for the year: (4mks)

7. The following information relates to business W,X,Y and Z.

|  |  |  |  |
| --- | --- | --- | --- |
| **Business** | **Assets** | **Capital** | **Liabilities** |
| W | 750,000 | A | 550,000 |
| X | B | 800,000 | 1,300,000 |
| Y | 435,000 | 70,000 | C |
| Z | 900,000 | D | 650,000 |

Determine figures represented by A, B, C and D.

8. Name three types of discounts that trader can offer to customers in order to promote sales. (3mks)

9. Outline four main hindrances to the growth of co-operatives in Kenya. (4mks)

10. List four advantages of using radios in advertising for goods and service. (4mks)

11. Outline four factors which may determine the amount of premium paid by an insured. (4mks)

12. The following are descriptions of human wants. Identify the features that relates to the descriptions in the spaces provided. (4mks)

|  |  |
| --- | --- |
| a) A person is unable to fully satisfy all wants. |  |
| b) One satisfied they have a tendency of being felt again. |  |
| c) Some wants are satisfied together. |  |
| d) The same want can be satisfied using different resources. |  |

**13.** Give four disadvantages of an open office layout to an organization. (4mks)

14. Give four ethical issues in business. (4mks)

15. State four disadvantages of using credit cards/plastic money. (4mks)

16. Name four contents of article of association of a company. (4mks)

17. For each of the following indicate with a tick in the spaces provided whether the following business transactions will increase, decrease or have no effect on the balance sheet totals. (4mks)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Transaction** | **Increase** | **Decrease** | **No effect** |
| a) | Buying |  |  |  |
| b) | Taking some stock home for use |  |  |  |
| c) | Buying a piece of furniture in cash |  |  |  |
| d) | Paying a loan by cheque. |  |  |  |

**18.** Name four purposes of preparing the trial balance. (4mks)

19. Classify the following either into personal Real, Nominal or private accounts.

|  |  |  |
| --- | --- | --- |
|  | Item | Type |
| i) | Machinery |  |
| ii) | Drawings |  |
| iii) | Commissions |  |
| iv) | Bashora, a debtor |  |

20. Identify the error a book keeper commits when he:

1. Completely fails to record a certain transaction. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Debits Johns a/c instead of Joan.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Debits motor expense a/c instead of motor vans account. \_\_\_\_\_\_\_\_\_\_
4. Treats/record a figure of shs 76 as shs 67 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

21. Record the following transactions of Jembe Kun Traders in their respective ledger accounts. (4mks)

4th January 2016. Started the business with shs. 20,000 in the bank

10th January 2016 Paid rent by cheque shs. 2,500

22. State whether the following factors relate to internal or external business environment.

|  |  |  |
| --- | --- | --- |
|  | **Factor** | **Internal/External** |
| a) | Management styles |  |
| b) | Socio cultural factors |  |
| c) | Business culture |  |
| d) | Legal political environment |  |

23. State the level of production for each of the following activities. (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Activity** | **Level of production** |
| a) | Cooking meals for students |  |
| b) | Harvesting sugarcane |  |
| c) | Moving kerosene from Mombasa to Hola |  |
| d) | Boiling milk by electric power. |  |

24. Give four malpractices by traders against which consumers may need protection by the government. (4mks)