**FORM 3**

**BUSINESS STUDIES**

**MID TERM EXAMS – JUNE 2016**

**TIME: 2 HRS**

**NAME:………………………………………………….CLASS: ……... ADM. NO: ……….**

**SECTION A (60 MARKS)**

1. Identify **four** documents used in the delivery process in home trade. (4 mks)

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1. Outline **four** elements of communication. (4 mks)

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1. Highlight **four** roles of intermediaries in the chain of distribution. (4 mks)

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1. State **four** types of business activities in a society. (4 mks)

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1. Outline **four** forms of unethical practices in product promotion. (4 mks)

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1. Highlight **four** factors of production and their rewards. (4 mks)

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1. Highlight **four** external factors that may affect business operation. (4 mks)

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1. The following balances were extracted from the books of Kiptagich traders on 31st March 2014.

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| --- | --- |
|  | **Shs** |
| Creditors | 62,500 |
| Stock | 2,000 |
| Bank loan | 40,000 |
| Bank | 160,000 |
| Cash | 20,000 |
| Premises | 800,000 |

Prepare his balance sheet as at the date. (4 mks)

1. State **four** circumstances under which a Co-operative society may be dissolved.(4 mks)

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1. Outline **four** functions of an entrepreneur. (4 mks)

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1. Highlight the double entry concept, using an illustration in each case. (4 mks)

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1. Outline **four** contents of an invoice. (4 mks)

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1. Outline the term to debit and to credit an account. (4 mks)

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1. Outline **four** characteristics of economic resources. (4 mks)

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1. Other than the forces of demand and supply, state **four** ways in which price of a commodity may be determined in a market. (4 mks)

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**SECTION B (40 MARKS)**

1. Explain **five** differences between a private limited company and a public limited company. (10 mks)

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1. Explain **five** circumstances which a seller may sell goods on cash with order. (10 mks)

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1. The following balances where extracted from the books of Tugen Hills traders on 1st January, 2014.

|  |  |
| --- | --- |
|  | Shs |
| Capital | 400,000 |
| Machinery | 225,000 |
| Stock | 100,000 |
| Creditors | 30,000 |
| Cash | 23,000 |
| Furniture & fittings | 82,000 |

The following transactions took place during the month of January 2014.

**2014**

Jan 3: Purchased goods with sh 93,000 on credit

Jan 6: Sold goods for sh 131,000 cash

Jan 11: Sold her personal assets for sh 300,000 receiving payment by

cheque which she invested in the business.

Jan 29: Sold goods worth sh 51,000 by cheque.

Jan 27: Paid sh 87,000 cash to a creditor.

**Required:**

Tugen Hills Traders balance sheet as at 31st Jan, 2014. (10 mks)

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1. Record the following transactions of Bitange traders in their appropriate ledger accounts 2014.

Jan 1: Bitange started business with sh 50,000 in cash.

Jan 4: Bought a motor van sh 300,000 on credit from Kuima motors.

Jan 7: Purchased fixtures (shelves) from shop fitters for sh 12,500 cash

Jan 10: Purchased goods for sh 150,000 cash from Gilani’s stores.

Jan 14: Sold goods for sh 50,000 cash

Jan 16: Bitange opened a bank account and deposited sh 40,000 from the cash till

Jan 20: Bought goods for sh 120,000 on credit from Gilani’s store

Jan 26: Paid rent sh 4,000 by cheque, and electricity sh 1,000 cash.

Jan 28: Sold goods worth sh 80,000 on credit to Sacho canteen.

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