**HOLA SECONDARY SCHOOL**

**MID TERM EXAMINATION**

**BUSINESS STUDIES**

**YEAR 2013**

**TERM ONE**

**FORM 4**

**PAPER 1**

**TIME: 2 HOURS**

**NAME\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_CLASS\_\_\_\_\_\_\_\_\_ADM/NO.\_\_\_\_\_\_\_\_\_\_\_**

**INSTRUCTIONS: ANSWER ALL QUESTIONS IN THE SPACES PROVIDED.**

1. The following diagram shows various concepts in population.

Identify the parts labeled P, Q, R, S and T.

P

Q

R

S

T

1. Mwenda Wazimu maintains a petty Cash book on a weekly imprest of shs. 13,000. On 1st February, 2013, the cash balance was shs. 2,570. During the first week of February, 2013, the following transactions took place.

2013 February 2 : Received reimbursement from the main cashier.

2013 February 3 : Paid shs. 3,070 for cleaning materials.

2013 February 4 : Paid Shs. 2,000 bus fare.

2013 February 6 : Bought Stationery worth shs. 2,200.

Prepare a petty cash book to record the above transactions using:

Cleaning

Stationery

Bus fare columns (5mks)

1. Highlight three benefits of globalization to a business. (3mks
2. State four benefits that a farmer may derive from being a member of a producer cooperative society. (4mks)
3. Outline one circumstance under which each of the following telecommunication services may be used. (3mks)
4. Radio Call
5. Facsimile (fax)
6. Paging
7. Outline four features of indirect production.
8. State four ways in which a good filing system may facilitate the operations in an office (characteristics of a good filing system). (4mks)
9. Highlight four factors that a firm may consider when deciding on the goods to produce. (4mks)
10. Husna operates a hardware at Kalkacha. Outline four methods she may use to determine prices for her goods other than the forces of demand and supply. (4mks)
11. Outline four challenges that may be encountered when measuring National income using the output approach. (4mks)
12. State four positive implications of population size and structure on development. (4mks)
13. The following information was extracted from the books of MALI YA MUNGU TRADERS on 30th June, 2012.

-SHS

Purchases 720,000

Opening Stock 165,000

Closing stock -

Sales 980,000

Margin 200

Prepare the trading a/c of Mali Ya Mungu Traders for the year ended 30th June, 2012. (5mks)

1. Outline four circumstances under which face to face communication may be in effective. (4mks)
2. Highlight four benefits that would accrue to a firm located near other existing firms. (4mks)
3. The following information relates to Nguvu Kazi Traders as at 31/12/2012.

SHS

Fixed assest 400,000

Stock 120,000

Current liabilities 60,000

Net Profit for the Current year 100,000

Calculate:

1. Return on Capital (2mks
2. Current ratio.
3. Given the statement in the table below. Indicate the type of entry to be made in the relevant ledger accounts. (4mks)

|  |  |  |
| --- | --- | --- |
| **No.** | **Statement** | **Type of Entry** |
| i) | An increase in Revenue |  |
| ii) | A decrease in an asset |  |
| iii) | An Increase in an expense |  |
| iv) | A decrease in liability. |  |

1. In the spaces provided in the table below, name the document MADEMO BOOKSHOP would issue under the circumstance described. (4mks)

|  |  |  |
| --- | --- | --- |
| **No.** | **Circumstance** | **Document to Issue** |
| i) | Mademo sold goods worth shs. 54,000 on credit to Hola Secondary School |  |
| ii) | St. Joesph’s Primary school which had bought goods worth shs.27,000 was erroneously charged for only shs.25,000 |  |
| iii) | Rafiki Primary School paid shs. 33,000 by cheque to Mademo for goods which had been supplied |  |
| iv) | Goods sold to Hola Secondary School had been overpriced by shs. 4,000. |  |

1. State four measurers that may be used to solve the unemployment problems. (4mks)
2. Record the following transactions of KUHEMA TRADERS in their appropriate ledger accounts. (4mks)

01/02/2013 Started the business with shs. 17,500 in the bank

02/02/2013 Paid rent by cheque shs. 5000

1. Write the type of demand represented by the following statements. (4mks)
2. Demand for a commodity causes an increase in demand for another
3. Demand for one commodity calls for demand of another commodity.
4. Demand for a commodity causes a decrease in demand for anothe
5. Demand for a commodity that has uses
6. In the spaces provided indicate the type of retailer described by each of the statement given below. (4mks)

|  |  |  |
| --- | --- | --- |
| **No.** | **Description** | **Type of Retailer** |
| i) | A retailer who sales products of one particular manufacturer |  |
| ii) | Retailers who sale their products by placing themselves at strategic places e.g busy roads, bus stages, entrance to public building etc. |  |
| iii) | A retailer where customers insert coins into a machine depending on the price of the products one wants to buy. |  |
| iv) | A large self service store that deals mainly with households goods, where customers serve themselves and pay at the counter. |  |

1. State four distinguishing differences between whole life policy and endowment policy. (4mks)

|  |  |  |
| --- | --- | --- |
| **No.** | **Whole Life Policy** | **Endowment policy** |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

1. The following balances were extracted from the books of NAMJUA GENERAL STORES on 31st December, 2012.

**Item Shs.**

Land and Building 650,000

Stock 470,000

Bank Overdraft 80,000

Debtors 350,000

10 years bank Loan 500,000

Creditors 220,000

Cash 50,000

Motorvan 150,000

Capital ?

Prepare the balance sheet of Namjua General Stores as at 31st December, 2012. (5mks)

1. The census of 2009 showed that the birth rate in Kenya is high. Name four factors that have likely lead to this high birth rate. (4mks)