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

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

**MID TERM EXAMINATIONS**

**BUSINESS STUDIES**

**TERM ONE 2017**

**FORM 4**

**PAPER 2**

**TIME:**

**HOLA SECONDARY SCHOOL**

**MID TERM EXAMINATION - 2017**

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**Instructions: Answer any five questions in the spaces**

**1a)** Explain five uses of National income statistics. (10mks)

b) Explain five circumstances under which personal skilling is appropriate. (10mks)

2a) Discuss five factors that influence the choice of a channel of distribution. 10mks)

b) Discuss five internal economies of scale. (10mks)

3a) Insurance is based on six principles. Discuss five principles of insurance. (10mks)

b) Explain five reasons for the existence of small firms in the economy. (10mks)

4a) Explain five roles played by intermediaries in the distribution channel. (10mks)

b) Discuss five features of perfect competition. (10mks)

5a) Describe the channel of distribution of local agricultural produce. (10mks)

b) Explain five disadvantages of containerization as a mode of transport. (10mks)

6a) The following data relates to the business of Reba Kachuchu as at 31st Dec. 2015

**Reba Kachuchu**

**As at 31st December 2015**

 **DEBIT CREDIT**

  **(SHS) (SHS)**

Purchases 349,000

Sales 582,000

Debtor 51,000

Creditors 62,000

Vehicles 600,000

Drawings 30,000

Returns inwards 22,000

Returns outwards 19,000

Carriage inwards 10,000

KCB loan 170,000

Furniture and fittings 45,000

Discounts Allowed 25,000

Discounts Received 36,000

Opening stock 40,000

Carriage outwards 7,000

Rental income 24,000

Advertising 13,000

Land 300,000

Buildings 200,000

Daima Bank loan 210,000

Interest loan 48,000

Bank 150,000

Capital 815,000

 1,918,000 9,918,000

Closing stock is valued at shs. 180,000. Prepare

1. Trading profit and loss a/c. (14mks)
2. Balance sheet as 31st Dece. 2015. (8mks)

b) Explain five reasons why the government of Kenya requires businessmen to obtain license before operating business. (10mks)