**HOLA SECONDARY SCHOOL**

**MID TERM EXAMINATION**

**BUSINESS STUDIES**

**YEAR 2017**

**TERM ONE**

**FORM 3**

**PAPER 1**

**TIME: 2 HOURS**

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

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

1. Give four factors that affect capital. (4mks)
2. Indicate whether we debit or credit for an increase or a decrease. (3mks)

|  |  |  |  |
| --- | --- | --- | --- |
| **Action** | **Any Assets A/C** | **Any liability A/C** | **Capital A/C** |
| Increase |  |  |  |
| Decrease |  |  |  |

1. For each of the following transactions. State the account to be **Debited** and account to be **credited.**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **A/C to be Debited** | **A/C to be Credited** |
| I) | Started business with shs. 100,000 in cash |  |  |
| ii) | Owner took stock for personal use. |  |  |
| iii) | Purchased goods from Juma and paid cash |  |  |
| iv) | Received a cheque from a customer who had bought on credit |  |  |

1. State four reasons why the government involves itself in licensing activities. (4mks)
2. Identify the types of advertisements in the following situations. (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Situation** | **Type of advertising** |
| a) | Advertising where the names of famous people are used. |  |
| b) | Used at popularizing a new product to potential customers. |  |
| c) | Used at popularizing the business organization and not individual products. |  |
| d) | Used at popularizing and increasing the sales of a particular brand of a product. |  |

1. State four disadvantages of supermarkets. (4mks)
2. Identify the type of utility created in the following situations. (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Situation** | **Type of Utility** |
| i) | Slaughtering a goats to be cooked for supper |  |
| ii) | Carrying a chair from the staff room to the class |  |
| iii) | Purchasing Donalds from the school canteen. |  |
| iv) | Storing umbrellas to be used during the rainy season. |  |

1. Identify any four accounts that affect the assets of stock. (4mks)
2. State four circumstances that may lead to dissolution of partnership form of business. (4mks)
3. Give four reasons why a well drawn cheque may be dishonoured. (4mks)
4. Name four reasons why a trader prefers to advertise his products through radios than newspapers. (4mks)
5. Open up the relevant ledger accounts using the following transaction. (4mks)
6. Jarah starts business with shs. 500,000 in the bank on 1/2/2014.
7. Paid rent shs. 20,000 cheque on 10/2/2014
8. Highlight four characteristics of labour as a factor of production. (4mks)
9. Despite the role played by matatus, they have certain problems. State four problems brought by matatus as a mode of transport. (4mks)
10. Describe the procedure to be followed when making an insurance claim.
11. Identify the documents issued in each of the following circumstances. (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Circumstance** | **Documents** |
| a) | Used to reply a specific letter of inquiry. |  |
| b) | Issued by the seller to the buyer to inform him that ordered goods are on the way coming. |  |
| c) | Used to make an undercharge correction in an invoice. |  |
| d) | Used to summarise monthly credit transactions between a regular buyer and a regular seller. |  |

1. Kaseme starts business on January 1st 2013 with a capital of shs. 500,000. During the year he earned a profit of shs. 200,000. Investments totaled shs. 150,000. During the year he withdraw shs 25,900 for personal use.

Calculate the final/closing capital of Kaseme (by 31st December 2013)

1. Identify the ledger where the following accounts are maintained. (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Account** | **Type of Ledger** |
| a) | Debtors account |  |
| b) | Vehicles account |  |
| c) | Salaries account |  |
| d) | Capital account |  |

1. Give four reasons of studying business studies. (4mks)
2. Identify the levels of production related to the following occupations>

|  |  |  |
| --- | --- | --- |
|  | **Occupations** | **Levels of Production** |
| a) | Mining |  |
| b) | Banking |  |
| c) | Oil refining |  |
| d) | Road building |  |

1. State four advantages of face to face communication. (4mks)
2. Identify the types of office machine used in the following situation. (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Situation** | **Office machine** |
| a) | Used to pin papers together |  |
| b) | Used for trimming documents into required shaped and sizes |  |
| c) | Used to print stamp impressions on letters/envelopes |  |
| d) | Used to make holes in papers to facilitate filing. |  |

1. Given below is the balance sheet of YATAKA MOYO TRADERS as at 31st December 2013

**YATAKA MOYO TRADERS**

**BALANCE SHEET**

**AS AT 31ST DECEMBER 2013**

**FIXED ASSETS SHS SHS**

Furniture 80,000 Capital 136,000

**CURRENT ASSETS CURRENT LIABILTIES**

Stock 45,000 Creditors 20,000

Cash of bank 26,000

**TOTAL CURRENT ASSETS** 76,000

**156,000**  **156,000**

On January 2014, the business had the following transactions

1. January 10th 2014. Purchased a motor van for shs. 400,000 on credit from **CMC** motors.
2. January 15th 2014. Paid a creditor for shs. 2000 in cash.
3. January 22nd 2014. Bought furniture for shs. 13,000 and paid by cheque.

Prepare **YATAKA MOYO TRADERS** Balance Sheet as at 23rd January 2014. (6mks)

1. Fill the missing figures in the following business. (3mks)

|  |  |  |  |
| --- | --- | --- | --- |
| **Business** | **Assets** | **Liabilities** | **Captial** |
| A | 400,000 | 200,000 | X |
| B | 600,000 | Y | 120,000 |
| C | Z | 135,000 | 15,000 |

X =

Y =

Z =