**HOLA SECONDARY SCHOOL**

**MID TERM EXAMINATION**

**BUSINESS STUDIES**

**YEAR 2017**

**TERM ONE**

**FORM 3**

**PAPER 2**

**TIME: 2 HOURS 30 MINUTES**

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

**INSTRUCTIONS: ANSWER ANY FIVE QUESTIONS**

1A) Nairobi stock exchange plays an important role in the economy. Discuss 6 roles of the Nairobi Stock Exchange (NSE) as a market for securities. (12mks)

b) Highlight four distinguishing differences between postal orders and money orders. (8mks)

2a) Explain five importances of preparing business plan.. (10mks)

b) Personal selling is promotional method of presenting a commodity to prospective customers face to face with the aim of making a sale. Describe any five steps/procedures to be followed in personal selling. (10mks)

3a) Consumers association have failed in protecting consumers/their members. Discuss five limitations of the (Kenya) consumer association. (10mks)

b) Many people have ventured into entrepreneurship, but they have failed. Explain five characteristics of an entrepreneur. (10mks)

4a) Explain five uses of the balance sheet. (10mks)

b) Explain any five uses of computers in communication. (10mks)

5a) Bonded warehouse is used to store dutiable goods. Explain five advantages of bonded warehouse to the government. (10mks)

b) Discuss four ways in which the Government can create a conducive business environment. (10mks)

6a) Most companies are adopting the uses of open plan offices. Explain five advantages of open plan offices. (10mks)

b) The following balances relate to the business of MBIVU MBICHI as at 31st December, 2013

Machinery 349,200

Capital 1,600,000

Stock 35,000

Furniture 575,000

Vehicle 126,000

Net profit 40,600

Creditors 330,600

Debtors 350,000

Prepaid Salaries (salaries in advance) 20,000

Cash at Bank 400,000

Overdraft 4,200

Cash in hand 120,000

Prepare a balance sheet as at 31st December, 2013