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

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

**BUSINESS STUDIES**

**TERM TWO 2017**

**FORM 3**

**PAPER 2**

**TIME: 2 ½ HOURS**

**HOLA SECONDARY SCHOOL**

**MID TERM EXAMINATIONS**

****

**INSTRUCTIONS: ANSWER ANY FIVE QUESTIONS**

1A). Explain five factors that influence the demand for goods and services. (10mks)

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

2a) Explain any five uses of the general general, giving relevant examples. (10mks)

b) Hola secondary school wants to buy office machines and equipment. Explain five factors that must be considered before introducing such items. (10mks)

3a) Matatus play every important role in transport. Explain five disadvantages of matatus as a mode of transport. (10mks)

b) Abdi wants to open up a new business. Explain to him 5 advantages of using radios as a medium of advertising his products. (10mks)

4a) Explain any five errors not disclosed by the trial balance. (10mks)

b) Explain any five importances of a business plan. (10mks)

5a) Mrima, a petty cashier was given shs. 2,000 on 1st May 2017. During the month, he made the following payments:

May 2 Stationary shs. 100. Staff tea shs. 80

May 5 Telephone bill shs. 50, postage stamps shs. 100.

May 8 Travelling shs. 200, teephone shs. 100.

May 10 Stationery shs. 50, staff tea shs. 100.

May 15 Postage stamps shs. 50m travelling shs. 100.

May 20 Sundry expenses shs. 100.

May 23. stationery shs. 80, telephone shs. 40.

May 25 Travelling shs. 50, Sundry expenses shs. 100.

May 28 Envelopes shs. 20, Staff tea shs. 50

May 30 Adhiambo a creditor was paid shs. 100.

Use the following analysis columns to prepare a petty cash book.

a) Stationery

b) Staff tea

c) Travelling

d) Telephone

e) Sundry expenses

f) Ledger a/c (12mks)

b) With examples, discuss four factors that affect the capital of a business. (8mks)

6a) Mr. Bashora started on electronic business on 1st March 2017. The following is a summary of his transaction during the month.

Invoices received. (2017)

March 2 Jirani limited shs. 80,000.00

March 18 Chuma Ltd shs. 140,000.

March 26 Mwanaisha traders shs. 160,000.

Invoices Issued. (2017)

March 5 Mungi traders shs. 50,000.

March 20 Moto traders shs. 150,000

March 25 Jua Kali tradrs shs. 70,000.

Credit Notes issued (2017)

March 10 Mungi traders shs. 6,000.

March 28 Jua Kali traders shs. 4,000.

Credit Notes Received. (2017)

March 12 Jirani limited shs. 3,000.

March 24 JChuma limited shs. 8,000.

March 30 Mwanaisha traders shs. 12,000.

Prepared the appropriate subsidiary books/books of original entry/journals and relevant ledger

account. (16mks)

b) Highlight four methods of determining the prices of goods and services apart from the forces of demand and supply. (4mks)