**TERM TWO**

**565/1- BUSINESS STUDIES PAPER 1**

**FORM FOUR**

**Time: 2½ Hours**

**Name …………………………………………….……… Admission Number …………….**

**Candidate’s Signature ………………….…...……….. Date ……………………………**

**INSTRUCTIONS TO CANDIDATES**

1. Write your name and Index number in the spaces provided above.
2. Write the date of examination in the spaces provided above.
3. Answer **ALL** the questions.
4. **ALL** answers must be written in the spaces provided in this booklet.

**FOR EXAMINER’S USE ONLY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** |
| **Marks** |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **14** | **15** | **16** | **17** | **18** | **19** | **20** | **21** | **22** | **23** | **24** | **25** | **TOTAL** |
| Marks |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Answer all questions**

1. Suggest four ways in which a good business structure can enhance performance. (4mks)
2. ……………………………………………………………………………………........
3. …………………………………………………………………………………………
4. …………………………………………………………………………………………
5. ………………………………………………………………………………………....
6. Outline four documents required by the registrar of companies to facilitate the registration of Limited Companies. (4mks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. The figure below shows a shift in supply for a commodity from SOSO to S1S1



State four possible factors that have led to this situation. (4mks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. Indicate the most appropriate source document used to prepare the following books of original entry. (4mks)

|  |  |
| --- | --- |
| Books of original entry | Source document |
| a) Sales Journal |  |
| b) Return Outward day book |  |
| c) Return Inward day book |  |
| d) Purchases Journal |  |

1. State four general characteristics of human wants. (4mks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. Outline four ways in which the Food and Drugs Act protects consumers. (4mks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. Highlight four measures that may be taken by a government to attract firms to an area. (4mks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

1. ………………………………………………………………………………………....
2. The balances below relate to Saboti Stores for the year ended 31/12/2014.

 Capital: 300,000

 2 years loan: 230,020

 Creditors: 95,200

 Fixed assets: 480,000

 Current assets: 145,220

**Determine**

a) Working capital (2mks)

b) Capital employed (2mks)

1. Highlight any four barriers to effective communication which are associated with the sender. (4mks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. Outline four features of monopolistic competition. (4mks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. Identify four indicators of a business opportunity. (4mks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. Highlight four disadvantages of an aging population. (4mks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. Below are tasks performed by office machines and equipment. State the machine/equipment used to perform each task (4mks)

|  |  |
| --- | --- |
|  Task | Machine/equipment |
| a) Sending and receiving verbal messages |  |
| b) Cutting papers into required sizes |  |
| c) Printing stamp impressions on envelopes |  |
| d) Sending printed diagrams, charts, maps etc. |  |

1. Mamati has just taken a whole life policy and is complaining that his premiums are very high. Outline four reasons why the premiums may be high.

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. Below is a diagram showing the circular flow of income in a two-sector economy



 Indicate the information represented by letters a, b, c, and d (4mks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii)…………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. The following table relates to documents used in Home trade. Fill the blank spaces (4mks)

|  |  |
| --- | --- |
| Name of the document | Purpose of the document |
| a)  | To inform the buyer that goods have been dispatched |
| b)  | To inform the buyer that the order has been received |
| c) delivery note |  |
| d) credit note |  |

1. Identify four measures to be taken in order to enhance the effective operation of a warehouse. (4mks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. Give four reasons why traders engage in intensive product promotion despite the high cost involved. (4mks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

1. ………………………………………………………………………………………....
2. Fill in the missing figures in the table below. (4mks)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Assets** | **Capital** | **Liabilities** |
| a) | 1,100,000 | 840,000 |  |
| b) |  | 249,000 | 31,000 |
| c)  | 954,000 | 724,000 |  |
| d)  | 1,200,000 |  | 240,000 |

1. The cost of consumer goods a representative of a household is given below:

 Year Price

 2010 -5000

 2011- 9000

 Determine the increase in the consumer price index using 2010 as the base year. (4 marks)

1. Highlight **four** merits of direct tax as a source of revenue to the government (4 Marks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. State **four** measures that the government can use to encourage an increase in the country‘s volume of exports. (4 Marks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. Outline four services offered in agency banking as a trend in the banking sector. (4 Marks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. Outline any **four** indicators of economic development. (4 Marks)

i) ……………………………………………………………………………………........

ii) …………………………………………………………………………………………

iii) …………………………………………………………………………………………

iv) ………………………………………………………………………………………....

1. Read the following transactions and state the accounts to be debited or credited. (4mks)
2. Started business with sh. 50,000 in cash.
3. Sold goods worth sh. 30,000 receiving a cheque.
4. A debtor, Onyango returned goods to the business worth shs. 5,000.
5. Withdrew sh. 20,000 from the bank for business use.