

ASUMBI GIRLS HIGH SCHOOL

TERM 2 – DECEMBER 2021

FORM 4 – BUSINESS STUDIES PAPER 1

565/1
BUSINESS STUDIES
Paper 1
Time: 2 hours

NAME:.....ADM NO.....DATE.....

CLASS:.....SIGNATURE.....



Instructions

❖ Answer ALL the questions in the spaces provided.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

16	17	18	19	20	21	22	23	24	25

TOTAL

1. State four reasons why people satisfy basic wants before secondary wants. (4 mks)

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2. Write the type of accounts the following items fall under (4 mks)

	ITEM	TYPE OF ACCOUNT
a	Discount received	
b	buildings	
c	Creditor kemboi	
d	capital	

3. Highlight four assumptions of the circular flow of income in a two-sector economy (4 mks)

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4. Highlight four reasons why it is suitable to locate a bonded warehouse at a point of entry of a country. (4 mks)

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5. State the type of unemployment described below (4 mks)

	DESCRIPTION	TYPE OF UNEMPLOYMENT
a	People lose jobs and spend time looking for a new job	
b	Unemployment occurs repeatedly at similar times	
c	Affects certain occupations such as the construction industry	
d	Workers unwilling to accept the current wage rate	

6. State four reasons why a businessperson would prefer to use current account. (4 mks)

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7. Highlight four ways that can be used to correct unfavorable balance of payment. (4 mks)

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8. State four internal economies of scale. (4 mks)

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9. Indicate with a (+) for increase, (-) for decrease and a (0) for no change in totals of the balance sheet following the transactions below: (4 mks)

	TRANSACTION	EFFECT
a	A debtor paid by cash	
b	Paid creditors by cheque	
c	Bought goods on credit	
d	Withdrew cash from bank for office use	

10. A trader wants to import a car from Japan. List four possible channels of distribution he will use. (4 mks)

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11. Outline four benefits that accrue to business organizations that use the latest technology in record keeping. (4 mks)

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12. Highlight four ways in which a business idea can be implemented. (4 mks)

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13. Outline any four ways through which producers co-operatives help agricultural development in Kenya. (4 mks)

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14. Identify four types of small scale retail business without shops that wambui can run without a shop. (4 mks)

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15. Why would an exporter prefer to use container services as a method of transport? (4 mks)

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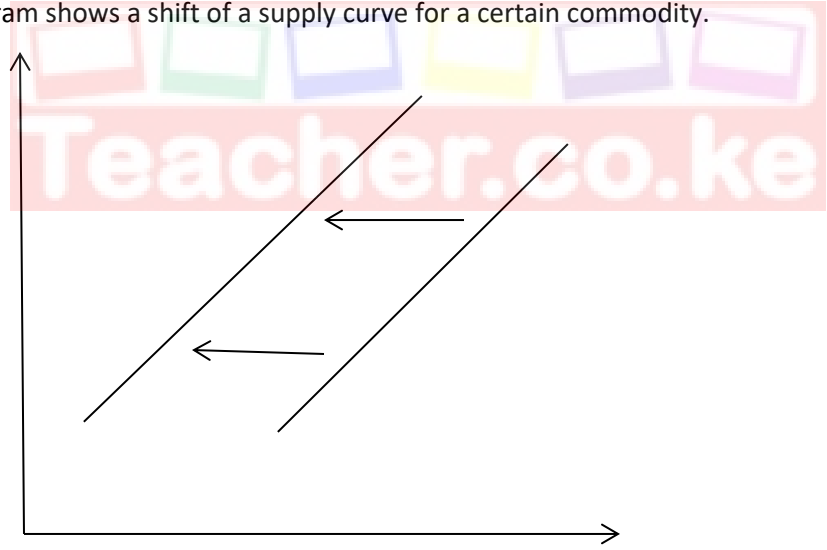
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16. The diagram shows a shift of a supply curve for a certain commodity. (4 mks)



State four reasons why the supply curve could have shifted from S₀ to S₁

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17. Given the items of Njoroge Wholesalers on 1st July 2000

(5 mks)

Building	780,000
Net loss	43,000
Additional investment	8,400
Stock	45,000
Creditors	32,000
Debtors	29,000
Loan	240,000
Overdraft	60,000
Weighing machine	17,000
Cash	30,000

Prepare a balance sheet as at that date



18. Highlight three features of cartels

(3 mks)

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19. The following are some of the terms used in international trade. Write the following initials in full. (4 mks)

- a) F.O.B
- b) C.I.F
- c) F.A.S
- d) F.O.R

20. The following information relates t to Maji Mazuri Traders as at 31. 12. 2010. (4 mks)

Fixed assets	400,000
Stock	120,000
Current liabilities	60,000
Net profit for the current year	100,000

Calculate:

a) Working capital (2 mks)



b) Rate of return on capital employed (2 mks)

21. Outline four factors that may limit te development of a less-developed country. (4 mks)

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22. Highlight four factors that should be considered by a firm when deciding on the method to use for promoting its products. (4 mks)

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23. Identify four types of taxes based on structure of taxes. (4 mks)

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24. Highlight four problems associated with determining consumer price index in an economy. (4 mks)

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25. A farmer's house valued at ksh. 1,200,000 was insured against fire for ksh. 900,000 under the 'average clause'. Fire occurred and damaged the house causing a loss of ksh. 500,000. Determine the value of compensation due to the farmer. (4 mks)

END