

NAME.....CL..... ADM NO.....

BUSINESS STUDIES PAPER 1

JULY /AUGUST 2018

FORM 4

TIME: 2HRS

INSTRUCTIONS: ANSWER ALL QUESTIONS IN THE SPACES PROVIDED.

1. State whether the following represent injection into or leakages from the circular flow of income. (4mks)

	Item	Injection/leakages
a)	Savings	
b)	Taxes	
c)	Government expenditure	
d)	Investment	

2. Outline four macro environmental factors of a business that can lead to its success. (4mks)

a)

b)

c)

d)

3. State four functions of money. (4mks)

a)

b)

c)

d)

4. Name the factor of production that each of the following resource relate to (4mks)

	Resource	Factor of production
a)	Manager	
b)	Equipment	
c)	Farmer	
d)	River	

5. List four essential services provided by the county governments to the public. (4mks)

a)

b)

c)

d)

6. Outline four factors to be considered when choosing a means of reproducing documents in an office. (4mks)

a)

b)

c)

d)

7 Outline four advantages of after sale services as a method of sales promotion to a customer. 4mks

a)

b)

c)

d)

8. Outline four benefits of the newly constructed standard guage railway line. (4mks)

a)

b)

c)

d)

9. In the spaces provided, indicate the account to be debited and to be credited in the following transactions. (4mks)

	Transaction	A/C DEBITED	A/C CREDITED
a	Bought machine in cash		
b	Started business with sh.30,000 in cash		
c	Took sh.20,000 cash from business for personal use		
d	Credit sales of old machine to Kamau		

10. The following balances were extracted from the books of kumi kumi traders on 31 dec.2017.

Gross profit	ksh.80,000
Rent	8,000
Discount received	2,000
Salaries	10,000
Discount allowed	5,000
Commission received	3,000
Maintenance expense	9,000
Debtors	10,000
Creditors	12,000

Required: prepare kumi kumi traders profit and loss account for the year ended 31 Dec 2017. (4mks)

11. Highlight four circumstances under which goods can be delayed in a bonded warehouse.

(4mks)

a)

b)

c)

d)

12. State four causes of cost-push inflation.

(4mks)

a)

b)

c)

d)

13. Highlight four factors that can cause a firm to develop into a monopoly.

(4mks)

a)

b)

c)

d)

14. On 3rd Feb 2016 Jomo bought goods worth ksh.12000. Terms of payment were, trade discount 5% and cash discount 10% if payment is made within 30 days. If Jomo paid on 26th Feb 2016 determine the amount he paid.

(4mks)

a)

b)

c)

d)

15. In the spaces provided below indicate with a tick (✓) whether each of the following statements relates to preference or ordinary shares. (3mks)

	Statement	Preference	Ordinary
a	Represent real owners of a company		
b	Rate of dividend is fixed.		
c	Has voting rights		
d	Redeemable		
e	May be cummulative		
f	Considered last in liquidation		

16. Highlight four ways in which the government can use to influence the supply of maize in Kenya. (4mks)

a)

b)

c)

d)

17. Highlight four purposes of public finance (4mks)

a)

b)

c)

d)

18. State the type of insurance policy described by the following statements. (4mks)

	Statement	Type of policy
a)	Cover losses caused by employees dishonesty/fraud	
b)	Protects employees against injuries while at work.	
c)	Cover damage on motor vehicle, other people and property caused by the vehicle.	
d)	Cover claims by the members of public against a business	

19. Indicate whether each of the following business transaction will increase, decrease or no effect on balance sheet totals.

	Transaction	Effect
i)	Buying stock in cash	
ii)	Buying stock on credit	
iii)	Withdrawing cash from bank for personal use	
iii)	Received cash from a debtor	

20. Outline four problems Kenya would suffer if she does not participate in foreign trade.

4mks

- a)
- b)
- c)
- d)

21. The following balances were extracted from the books of Juma traders for the year ended 31.12.2016.

Capital	800,000
Machines	600,000
Fixtures and fittings	200000
Net profit	100,000
Additional capital	50,000
Drawings	20,000
Debtors	50,000
Cash	100,000
Stock	50,000
Creditors	70,000

Required: prepare Juma traders balance sheet as at 31.12.2016. (5mks)

22. Highlight four measures taken by the government to encourage entrepreneurial practices in Kenya today. (4mks)

- a)
- b)
- c)
- d)

23. Outline four features of the basic human wants.

(4mks)

a)

b)

c)

d)

24. Outline four circumstances under which signs and gestures can be used in communication. (4mks)

a)

b)

c)

d)

25. Highlight four factors that determine populations fertility rate in a country.

(4mks)

a)

b)

c)

d)