

FORM FOUR TERM ONE EXAM 2017

BUSINESS
Paper 1
Time: 2 Hours

SCHOOLS NET KENYA

Osiligi House, Opposite KCB, Ground Floor
Off Magadi Road, Ongata Rongai | Tel: 0711 88 22 27
E-mail: infosnkenya@gmail.com | Website: www.schoolsnetkenya.com

This paper consists of 7 printed pages. Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing.

1. State the term given to each of the following descriptions (4mks)

(a) Study of activities that are carried out in an office

.....

(b) Study of the process of identifying a business opportunity, acquiring the resources to start and run a business

.....

(c) Study of trade and aids to trade

.....

(d) Study of a systematic record keeping

.....

2. High light **four** reasons why a business plan is necessary to an entrepreneur (4mks)

(a).....

(b).....

(c).....

(d).....

3. A survey conducted in a county showed a serious decline in entrepreneurial activities among citizens. High light **four** possible factors that may have led to this unfortunate situation (4mks)

(a).....

(b).....

(c).....

(d).....

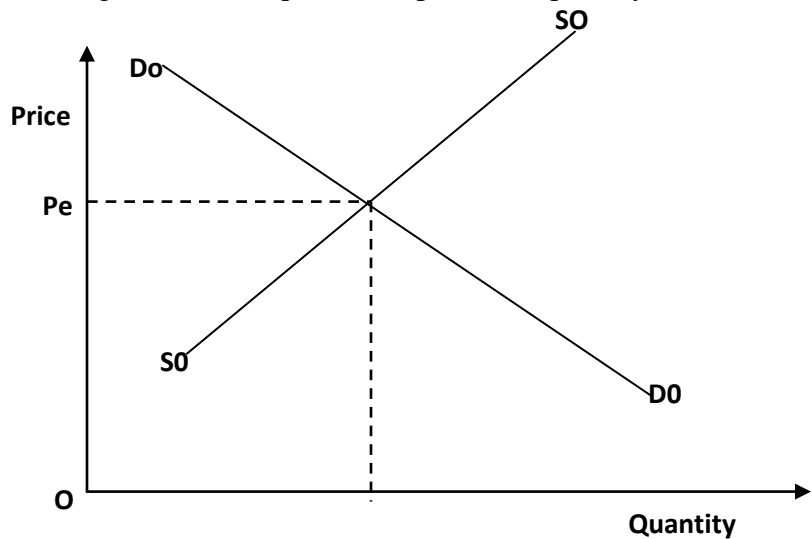
4. State **four** characteristics of economic resources (4mks)

- (a).....
- (b).....
- (c).....
- (d).....

5. Highlight **four** factors an organization would consider when an office layout (4mks)

- (a).....
- (b).....
- (c).....
- (d).....

6. The diagram shows equilibrium price and quantity



Draw a new demand curve on the diagram above showing a decrease in demand and the effect on (4mks)

- (i) Equilibrium price
- (ii) Equilibrium quantity
- (iii) Equilibrium point

7. Mention **four** roles played by intermediaries in the chain of distribution (4mks)

- (a).....
- (b).....
- (c).....
- (d).....

8. In Kakamega County, it is found out that the majority of its citizen are below 18 years of age.

Outline **four** possible challenges that this pose to its economy (4mks)

- (a).....
- (b).....
- (c).....
- (d).....

9. Classify each of the following as renewable or non-renewable resource (4mks)

- (a) Wool.....
- (b) Lead.....
- (c)Soda ash.....
- (d) Natural gas.....

10. Give **four** factors that may determine the amount of premium payable in life assurance (4mks)

- (a).....
- (b).....
- (c).....
- (d).....

11. Fill in the blank spaces in the table below (4mks)

Capital	Fixed assets	Long term liabilities	Current assets	Current liabilities
(a) 30,000		25,000	15600	10,000
(b) 439,235	650,485	320,000	285,320	
(c)	1467,321	852,460	78000	168, 410
(d) 867,345		0	264,310	210,506

12. For each of the following transactions identify the book of original entry in which the transaction should be recorded (4mks)

Transaction	Book of original entry
(a) Goods worth Ksh.4000 returned by client	
(b) Goods were purchased for Ksh.120, 000 on credit	
(c) Returned goods worth Ksh.6200 to the supplier	
(d) sale of office furniture worth Sh.80,000 on credit	

13. Name **four** documents that may be required by the registrar of companies in order to register a public Limited Company (4mks)

- (a).....
- (b).....
- (c).....
- (d).....

14. Give **four** features of demand deposit account (4mks)

- (a).....
- (b).....
- (c).....
- (d).....

15. Outline **four** features of oligopoly (4mks)

- (a).....

(b).....

(c).....

(d).....

16. Outline **four** features of free warehouse (4mks)

(a).....

(b).....

(c).....

(d).....

17. Highlight **four** features of a parastatal (4mks)

(a).....

(b).....

(c).....

(d).....

18. Telex communication is increasingly becoming unpopular among businessmen. Give four reasons that justify this trend (4mks)

(a).....

(b).....

(c).....

(d).....

19. Mention **four** pre requisites of transport (4mks)

(a).....

(b).....

(c).....

(d).....

20. Highlight circumstances under which a cheque may be dishonoured (4mks)

(a).....

(b).....

(c).....

(d).....

21. The following information was extracted from books of Kakamega traders for the year ended 31st Dec 2014

	Ksh
Opening stock	100,00
Closing stock	80,000
Purchases	520,000

Calculate the rate of stock turn over (4mks)

22. Promotion conveys have become a popular form of product promotion. State four benefits of this method to customers (4mks)

(a).....

(b).....

(c).....

(d).....

23. Give **four** disadvantages of hire purchase to the seller (4mks)

(a).....

(b).....

(c).....

(d).....

24. Highlight **four** ways through which the government may create environment to business people (4mks)

(a).....

(b).....

(c).....

(d).....

25. Give **four** reasons for imposing taxes by the government to its citizens (4mks)

(a).....

(b).....

(c).....

(d).....