

FORM FOUR BUSINESS STUDIES PAPER I

565/1

TIME: 2 HOURS

NAMEADM NO

SIGN.....DATE.....

INSTRUCTIONS TO THE CANDIDATE

- i. This paper contains 25 questions.
- ii. Answer all the questions in the spaces provided.
- iii. Answer all the questions in English.

1. State **four** occupations that a person may engage in in the secondary level of production.

(4 mks)

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2. The computer is fast overtaking the typewriter as equipment for producing documents in an office. Outline **four** reasons that may account for this. (4 mks).....

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3. Highlight **four** circumstances under which payment in cash may be preferred to payment by cheque. (4 mks)

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4. Give **four** reasons that account for the need for consumer protection. (4 mks)

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5. Highlight **four** benefits of delocalization of business enterprises in Kenya. (4 mks)

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6. Indicate the effect of each of the following transactions on assets, liabilities and capital by putting a (+) for increase, a (-) for decrease and (NE) for no effect. (4 mks)

	Transaction	Assets	Liabilities	Capital
i.	Paid outstanding rent expenses sh. 5000 in cash.			
ii.	Withdrew sh. 35,000 from the bank for personal use.			
iii.	Bought furniture worth 70,000 on credit from Kaptei Traders.			
iv.	Converted a personal vehicle valued at sh. 200,000 into business asset.			

7. State **four** differences between a partnership and sole proprietor form of business. (4 mks)

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8. List **four** ways in which the government may control inflation. (4 mks)

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9. Highlight **four** factors that may lead to low level of national income. (4 mks)

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10. On 1st May 2017 Nyanja owed Ndegwa sh. 50,000. The owing transactions took place during the month.

May 9: Credit sale to Nyanja sh. 40,000.

May 20: Nyanja returned goods worth sh. 3,000 to Ndegwa.

May 29: Nyanja paid sh. 85,000 by cheque in full settlement of his account.

Prepare Nyanja's account in the books of Ndegwa. (4 mks)

11. The table below shows the quantity demanded of commodity **X** per month by consumers **P** and **Q**.

Price per unit (shs.)	Quantity demanded by P	Quantity demanded by Q
100	120	200
80	180	250
65	250	350
40	350	500

State **four** reasons why **Q** demands more of commodity **X** at every price than **P**. (4 mks)

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12. Highlight **four** benefits of advertising to a consumer. (4 mks)

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13. Outline **four** measures that can be taken to safeguard the organisation's property. (4 mks)

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14. Highlight **four** factors that may limit development of international trade. (4 mks)

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15. Highlight **four** micro-environmental factors that may positively affect the performance of a business. (4 mks)

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16. State **four** circumstances under which a business may prefer to transport goods by air. (4 mks)

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17. Highlight **four** qualities needed for a commodity to function as money. (4 mks)

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18. State **four** circumstances under which capital of a business may change. (4mks)

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19. Outline **four** factors that are likely to cause a deficit in balance of payments. (4 mks)

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20. Highlight **four** reasons why it is necessary to have intermediaries in the distribution chain.

(4 mks)

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21. State **four** ways in which consumers would suffer if there were no warehousing facilities.

(4 mks)

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22. Highlight **four** reasons that may make planning difficult in developing countries. (4 mks)

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23. J. Chomba had the following assets and liabilities on 1st January 2016.

	<u>Shs.</u>
Motor Vehicles	400,000
Debtors	36,000
Bank	16,500
Stock	52,000
Bank Loan	38,500

For the year ended 31st December 2016, the following information was available;

(i) Additional capital shs. 5000.

(ii) Drawings; cash shs 20,000, stock 15,000.

(iii) Net loss shs. 68,480.

Calculate capital on 31st December 2016.

(4 mks)

24. Outline **four** challenges that may face a country that is made up of a large proportion of young people. (4 mks)

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25. State **four** reasons that justify the provision of essential services by the state instead of leaving them to the private sector. (4 mks)

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