

NAME.....ADMNO.....CLASS.....

565/1
BUSINESS STUDIES – FORM FOUR
PAPER 1
END OF TERM I
2 HOURS

INSTRUCTIONS TO CANDIDATES

- a) Write your name, class and admission number in the spaces provided above.
- b) Answer all the questions.
- c) All the answers should be written in the spaces provided in this booklet.
- d) All the questions should be answered in English.

1. State **four** characteristics of services. (4mks)

a).....

b).....

c).....

d).....

2. Outline **four** disadvantages of division of labour. (4mks)

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

3. Mention **four** advantages of using Automatic Vending Machines. (4mks)

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

4. Give **four** benefits one gets from self-employment. (4mks)

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

5. Outline **four** factors to consider when intending to buy office furniture. (4mks)

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

6. Name the source document to which each of the following description relate. (4mks)

| <u>Description</u> | <u>source document</u> |
|---|------------------------|
| (i) Issued by the seller to a buyer for cash paid | _____ |
| (ii) Used for processing and authorizing payments | _____ |
| (iii) Sent to a credit buyer to demand payment | _____ |
| (iv) Used to correct undercharge | _____ |

7. Outline **four** principles of co-operatives. (4mks)

- a).....

- b).....
- c).....
- d).....

8. Highlight **four** measures that the government puts in place to create conditions that will be favorable for business development. (4mks)

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

9. State **four** advantages of transporting oil by pipeline rather than by road. (4mks)

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

10. Outline **four** advantages of audio-visual communication. (4mks)

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

11. Highlight **four** ways in which the production activities of firms in your country affect the environment. (4mks)

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

12. Highlight **four** disadvantages of a private warehouse. (4mks)

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

13. Ragati and Nzonge operates a business with a stock valued at ksh.350,000 and have interests of $\frac{3}{5}$ and $\frac{2}{5}$ respectively. Ragati decided to insure $\frac{2}{4}$ of the stock against fire. Sometimes later fire occurred at their business premises and destroyed stock worth ksh. 250,000. Calculate the amount of compensation Ragati would get from the insurance company. (4mks)

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14. Outline **four** sources of monopoly power. (4mks)

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

15. Name **four** sources of public finance. (4mks)

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

16. State **four** benefits that would accrue to a customer who borrows a loan from a non-bank financial institution. (4mks)

- a).....

- b).....
- c).....
- d).....

17. Match **each** of the statements given below with the relevant type of capital. (4mks)

| <u>Statement</u> | <u>Type of capital</u> |
|--|------------------------|
| a. Resource invested into a business by the owner | _____ |
| b. Excess of current assets over current liabilities | _____ |
| c. Amount invested into the business by outsiders | _____ |
| d. Represents total finance in a firm | _____ |

18. The following information was extracted from the books of farmers choice supermarket on 31st Dec 2009

| | |
|------------------|---------|
| | shs |
| Average stock | 30,000 |
| Closing stock | 40,000 |
| Purchases | 336,000 |
| Carriage inwards | 2,000 |
| Return outwards | 18,000 |
| Margin | 1/6 |

Required. Calculate sales for the year . 4mks

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19. Outline **four** important characteristics of a general journal. (4mks)

- a).....

b).....

c).....

d).....

20. Apex traders provided you with the following

| | |
|---|---------------|
| Margin | 25% |
| Cost of sales | 15,000 |
| Opening stock | 2,000 |
| Closing stock | 1,000 |
| Operating expenses | 2% of capital |
| Sales and capital are in the ratio of 1:4 | |

Calculate :

- a. Rate of stock turnover
- b. Purchases
- c. Return on capital

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21. Indicate the subsidiary ledger in which each of the following should be recorded. 4mks

| <u>Account</u> | <u>Subsidiary ledger</u> |
|-------------------|--------------------------|
| a. Return inwards | _____ |
| b. Bank | _____ |
| c. Drawings | _____ |

- d. Juma traders (a debtor) _____
- e. Discount received _____
- f. Uchumi wholesalers (a supplier)

22. Highlight **four** types of advertising. (4mks)

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

23. State **four** natural sources of energy in Kenya. (4mks)

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

24. The statement below described various types of goods. Identify the type of goods best described by each statement. (4mks)

- a. Owned by the government on behalf of its citizens. _____
- b. Goods that are capable of directly satisfying human want. _____
- c. Goods that are used to make other goods. _____
- d. Goods that get spoilt within a very short time. _____

25. Identify **four** reasons why many youths in urban centre are starting hawking businesses. (4mks)

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

