

BUSINESS STUDIES
PAPER ONE 565/1
TIME 2 HOURS

SCHOOL BASED FORM FOUR EXAMS
JULY – AUGUST 2017

INSTRUCTIONS TO ALL CANDIDATES

- (i) Answer all questions in the space provided in English

Answer All Questions In The Spaces Provided

1. State the level of production that each of the following activities belong (4mks)

Activity	Production level
(a) Harvesting sand (b) Marking exams (c) Welding work (d) Oil Retailing	

2. Outline **four** government activities aimed at attracting foreign investment (4mks)

- (i)
- (ii)
- (ii)
- (iv)

3. State **four** circumstances under which a firm may be located near a raw material source (4mks)

- (i)
- (ii)
- (ii)
- (iv)

4. Highlight **four** measures which government may use to control demand pull inflation (4mks)

- (i)
- (ii)
- (ii)
- (iv)

5. For each of the following transactions. State the account to be debited and the account to be credited (4mks)

Transaction	A/c to be debited	A/c to be credited
(i) Cash deposited in business Bank account		
(ii) Owner withdrew cash for personal use		
(iii) Purchase of goods on credit		
(iv) Purchase of furniture by cheque		

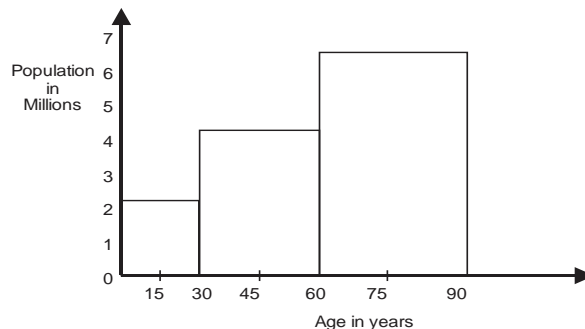
6. Outline **four** drawbacks that accrue to a society that practice subsistence production (4mks)

- (i)
- (ii)
- (ii)
- (iv)

7. Differentiate between a partnership and a co-operative society (4mks)

- (i)
- (ii)
- (ii)
- (iv)

8. The diagram below shows a population pyramid for a certain country



Give **four** challenges facing this country

(4mks)

- (i)
- (ii)
- (ii)
- (iv)

9 The following relates to Joy Traders for the year ended 31st December 2008

Cost of goods sold	Shs. 225,000
Mark –up	25%
Drawings	Shs 25,000
Expenses	Shs 13,000
Capital as at 31 st December 2008	Shs. 520,000
Additional Investment	Shs. 80,000

Determine Capital as at 1st January 2008

(4mks)

10. Give **four** benefits that are likely to result from the new standard Gauge Railway line in Kenya

(4mks)

- (i)
- (ii)
- (ii)
- (iv)

11. Highlight **four** characteristics that are unique to basic human wants

(4mks)

- (i)
- (ii)
- (ii)
- (iv)

12. List **four** characteristics of money **(4mks)**
- (i)
- (ii)
- (ii)
- (iv)

13. Outline **four** reasons for maintaining a trial balance **(4mks)**
- (i)
- (ii)
- (ii)
- (iv)

14. State **four** measures that a trader should take to ensure smooth functioning of his private warehouse **(4mks)**
- (i)
- (ii)
- (ii)
- (iv)

15. The following balances of assets and liabilities were provided by Tana Traders as on 31st December 2008

Bank overdraft	80,000
Land	200,000
Accrued Electricity	50,000
Stock	10,000
Debtors	20,000

The business had drawings amounting to shs. 20,000 during the year . Prepare a balance sheet to determine the networth of the business at the start of the trading year **(4mks)**

- (i)
- (ii)
- (ii)
- (iv)

16. Outline **four** benefits of sharing office machines (4mks)

- (i)
- (ii)
- (ii)
- (iv)

17. Using a diagram , Illustrate how a decrease in supply occurs due to change in price

18. Give **four** reasons why taxation is desirable in a country (4mks)

- (i)
- (ii)
- (ii)
- (iv)

19. Describe **three** channels that can be used to distribute coffee from Kenya to a consumer in USA (4mks)

- (i)
- (ii)
- (ii)
- (iv)

20. Highlight **four** reasons that have prompted Kenya to be an active member of regional trade bloc's such as (Comesa) **(4mks)**

- (i)
- (ii)
- (ii)
- (iv)

21. Highlight **four** ways in which the county government has contributed to economic development in the country **(4mks)**

- (i)
- (ii)
- (ii)
- (iv)

22. The following transactions relate to Robbin Traders for the month of October 2008 .

Oct 2: Sold goods for shs. 25,000 cash

Oct 3: Received a cheque for shs. 39,000 from Kiplangat , a debtor after allowing a cash discount of shs. 2,000

Oct 10: Received shs. 19,600 cash from Kariuki a debtor after allowing him a 2% cash discount

Oct 12: Deposited shs. 9,000 cash to Bank

Enter the above transactions in the cash receipt Journal of Robbin Traders

23 Highlight **four** barriers associated with written communication (4mks)

- (i)
- (ii)
- (ii)
- (iv)

24. Outline **four** circumstances under which deferred payment may be appropriate to the seller (4mks)

- (i)
- (ii)
- (ii)
- (iv)

25. Give **four** reasons why a firm may not realize any benefits from free publicity (4mks)

- i)
- (ii)
- (ii)
- (iv)

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