NAME:... INDEX NO:........................

GATUNDU SUB COUNTY FORM FOUR 2014 EVALUATION EXAM

565/1
BUSINESS STUDIES
PAPER 1
JULY/AUGUST 2014
TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

- Write your name and index number in the spaces provided.
- Answer all questions in the spaces provided.

Qs	1	2	3	4	5	6	7	8	9	10	11	12	13
mrks													

Qs	14	15	16	17	18	19	20	21	22	23	24	25

TOTAL
MARKS

1

1. Identify four main types of business activities carried out in the society. (4 marks)

a)..

b)..

c)..

d)..

2. Highlight any four problems faced by human beings in the process of satisfaction of human want. (4 marks)

a)..

b)..

c)..

d)..

3. Identify the type of utility created in the following circumstances. (4 marks)

Activity	Utility
a) Carpentry	
b) Selling bread to students	
c) Ware housing of goods imported	
d) Carriage of cargo to the market	

4. Outline four disadvantages of maintaining an enclosed office layout. (4 marks)

a)..

b)..

c)..

d)..

5. Highlight four features of hypermarkets found in Kenya. (4 marks)

a)..

b)..

c)..

d)..

6. Outline four circumstances under which a sole proprietorship form of business may be dissolved. (4 marks)

a)..

b)..

c)..

d)..

7. Identify four co-operatives principles that are followed world wide. (4 marks)

a)..

b)..

c)..

d)..

8. Abel produces horticultural crops and transports them from Eldoret to Nairobi. Outline four reasons why he should not use rail to transport the produce. (4 marks)

a)..

b)..

c)..

d)..

9. Highlight four barriers to effective communication. (4 marks)

a)..

b)..

c)..

d)..

10. Outline the meaning of the following terms as used in insurance. (4 marks)

(i)   Cover note

....

....

(ii)   Policy

....

....

(iii)   Premium

....

....

(iv)   Proposal form

....

....

11. Outline four steps involved in personal selling. (4 marks)

a)...

b)...

c)...

d)...

12. Highlight four factors that may cause a demand curve to shift to the left. (4 marks)

a)...

b)...

c)...

d)...

13. Outline four diseconomies of scale that a firm may experience by expanding its operations.

(4 marks)

a)...

b)...

c)...

d)...

14. Highlight four features of monopolistic competition. (4 marks)

a)...

b)...

c)...

d)...

15. List four channels that can be used to import cars from Japan. (4 marks)

a)...

b)...

c)...

d)...

16. State four factors that affect the circular flow of income in an economy. (4 marks)

a)...

b)...

c)...

d)...

17. Highlight four causes that may lead to unemployment in Kenya. (4 marks)

a)...

b)...

c)...

d)...

18. Omosh Traders had the following information extracted from his books of accounts as at 31st Dec 2009.

	Kshs
Capital (1/1/09)	6,800,000
Additional capital	1,221,560
Drawing for the year	50,440
Capital (31/12/09)	9,800,000

Determine the profit for the year. (4 marks)

19. The information given below was extracted from books of accounts of Mwebesa Traders as at 30th June 2006.

	Sh.
Land and building	450,000
Motol vehicles	640,000
Debtors	30,000
Creditors	80,000
Bank over drafts	400,000
Net profit	104,000
Drawings	104,000
Capital	?

Using the information above, prepare Mwebesa Traders Balance Sheet as at 30th June 2006.

(4 marks)

20. Outline four limitations of a Trial balances. (4 marks)

a)...

b)...

c)...

d)...

21. The following transactions relate to JUMA Traders from the month of March 2013.

    2013

March 1:   Started a business with sh 200,000 bank

"   2:   Withdrew sh 50,000 from the bank for office use.

"   15:   Paid sh 12,000 by cheque for office equipment repairs

"   30:   Withdrew sh 10,000 to pay for his son's hospital bill

Post the above transaction into the relevant ledger accounts. (4 marks)

22. Outline the meaning of the following terms as used in International trade.

(i) F.A.S

....

....

....

(ii) C. I. F

....

....

....

(iii) In bond

....

....

....

(iv) Franco

....

....

....

23. Identify three categories of government expenditure. (3 marks)

a)..

b)..

c)..

24. Differentiate between economic growth and economic development. (4 marks)

a)..

b)..

c)..

d)..

25. On 1st Janaury 2012 Langat Traders had sh 40,000 in cash and sh 16,000 at bank (Cr)
   During the month the following transaction took place.

January	2:	Cash sales sh 11,000
"	4:	Paid rent in cash sh 4,000
"	5:	Bought goods on credit from Achieng worth sh 14,000
"	12:	Sold goods worth sh 60,000 and amount was paid by cheque

   Using the information above prepare a two column cash book. (5 marks)