

Name.....Index No:.....
 School..... Candidate's Signature.....
 Date:.....

565/1
BUSINESS STUDIES
FORM 4
PAPER 1
2 HOURS

Instructions to Candidates

- Write your *name* and *index number* in the spaces provided above
- *Sign* and write the *date* of examination in the spaces provided.
- Answer *all* the questions.
- All answers should be written in the spaces provided in this booklet.
- Candidates should answer all questions in English
- *This paper consists of 9 printed pages.*
- *Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing.*

For Examiners Use Only

Question	1	2	3	4	5	6	7	8	9	10	11	12
Marks												

Question	13	14	15	16	17	19	20	21	22	23	24	25	Total score
Marks													

1. State **four** disadvantages of division of labour. (4 marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

2. State **four** features of Hire Purchase. (4 marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

3. State the major use of each of these documents

a) Certificate of trading (1mark)

b) Certificate of Incorporation (1mark)

c) Memorandum of association. (1mark)

d) Articles of association. (1mark)

4. Outline **four** circumstances under which verbal communication may be used.(4marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

5. Give **four** malpractices against which consumers may need protection. (4 marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

6. Nzundu and Theku bought a building for Kshs.12,000,000. Nzundu paid Kshs.8,000,000 while Theku paid Kshs.4,000,000. The building was insured for 8,000,000 against the risk of fire. Later the building was partially destroyed by fire to a tune of Kshs.6,000,000.

(a) State the amount of compensation likely to be paid by the insurance company. (2 marks)

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(b) Calculate the amount of compensation that each one will receive based on their capital contributions. (2 marks)

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7. Outline **four** factors that can accelerate economic development of a country.(4 marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

8. Outline **four** circumstances under which gaps in the market may be identified. (4 marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

9. Identify **four** reasons why most countries are getting rid of direct production. (4 marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

10. Outline **four** elements that may comprise the external environment of a business.

(4marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

11. State **four** benefits that a farmer may derive from being a member of a producer cooperative society. (4 marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

12. A lucrative business has been consistently releasing toxic wastes into the neighbourhood. Outline **four** measures you can take to stop the firm from such malpractices. (4marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

13. State **four** services offered by the post office. (4marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

14. The following balance sheet relates to Uzuri traders

UZURI TRADERS

Balance Sheet

As at 31st May 2015

<u>sh. Sh.</u>		Capital and Liabilities	
Fixed Assets		Capital	2,172,000
Land	1,800,000	Long term liabilities	
Motor vehicle	1,000,000	Loan from KCB	400,000
Furniture	<u>30,000</u> 2,830,000	Loan from K.I.E	<u>300,000</u> 700,000
Current assets		Short term liabilities	
Stock	80,000	Creditors	100,000
Debtors	50,000	Salary owing	<u>40,000</u>
Cash at bank	32,000	140,000	
Cash in hand	<u>20,000</u> 182,000		
	3,012,000		
	=====		3,012,000
			=====

Required:

Calculate (i) Capital owned

(1 mark)

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(ii) Borrowed capital

(1 mark)

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(iii) Working capital

(1 mark)

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(iv) Capital employed

(1 mark)

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15. Record the following transaction in a two column cash book.

2012

Jan 1: Started business with capital of sh20,000 cash and sh 50,000 at bank.

2: Bought stock in cash sh 120,000

3: Cash sales sh 5,000

7: Bought stock worth sh 10,000 on credit.

12: Withdrew cash from bank for office use sh.8,000.

15: Paid rent by cheque shs 6000.

20: Received shs 4000 by cheque from a debtor.

16. Highlight four problems that Kenyan government may experience in implementing a development plan. (4 marks)

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17. Outline four ways in which the government creates an enabling environment for business operations. (4 marks)

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18. Give **four** reasons why employers are expected to provide their employees with insurance cover. (4marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

19. Highlight **four** problems that are likely to be faced by a firm as result of expansion of the entire industry. (4mks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

20. State **four** benefits that Kenya will reap after the completion of the Lamu Port & Lamu-South Sudan-Ethiopia Transport corridor (LAPSSET) project whose construction is underway. (4marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

21. Mention **four** features of capital as a factor of production. (4marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

22. Outline **four** factors that may contribute to the ineffectiveness of a warehouse. (4marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

23. State any **four** factors that can contribute to the success of business in a certain area (4marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

24. In each of the following cases, state the types of unemployment described (4 marks)

	Case	Type of unemployment
a	People losing work due to lack of factor mobility	
b	Several people doing work that could be done by only one person	
c	People remaining unemployed at certain times of the year	
d	Workers placing themselves out of unemployment	

25. Highlight **four** limitations of using national income as a measure of living standards in an economy (4marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....