NAME_____ CLASS_____ ADM/NO____

SCHOOL:_____

FORM **4**: BUSINESS STUDIES 565/1

END OF TERM 1 2019

MARCH 2019

TIME: 2 HRS

INSTRUCTIONS TO STUDENTS

(a)   Write your name, admission number, class and name of your school in the spaces provided above

(b)   Answer ALL questions in the spaces provided. The paper consists of 25 questions

(c)   Answer all the questions in English

FOR EXAMINERS USE ONLY

1	2	3	4	5	6	7	8	9	10	11	12	13	14

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

TOTAL MARKS

1. The table below shows some occupations in production. Indicate the level of production associated with each of the occupations (4mks)

	Occupation	Level of production
(a)	Mining	
(b)	Oil refining	
(c)	Teaching	
(d)	Insurance	

2. Outline **four** benefits brought about by entrepreneurship in an economy (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

3. Highlight **four** tasks that may be carried out by a receptionist in an office (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

4. Muthoni bought 40 dresses priced at sh 1,500 and was allowed a 25% trade discount followed by a 3% cash discount. **Determine** the values of

(a) List price of the dresses (1mk)

(b) Trade discount (1mk)

(c) Cash discount (2mks)

5. Identify the human want feature described in each of the following statements

    (a)   Some wants are addictive   -

    (b)   Human wants already satisfied need to be satisfied over and over again   -

    (c)   Most wants are human to everyone -

    (d)   Satisfaction of one want may create the need to satisfy more wants (4mks) -

6. Outline four reasons why an ageing population is undesirable to an economy (4mks)

    (a) _____

    (b) _____

    (c) _____

    (d) _____

7. State how the circular flow of income is affected by

    (a)   Saving   -

    (b)   Investments   -

    (c)   Exports   -

    (d)   Imports   =   (4mks)

8. The following balances were extracted from the books of Tanga Tanga traders as at 31st Dec 2017

Motor vehicle	80,000
Plant and Machinery	70,000
Loan from Bank	60,000
Stock	25,000
Debtors	30,000
Creditors	15,000
Bank	20,000

Prepare a balance sheet for Tanga Tanga Traders as at 31st Dec 2017 (4mks)

9. State whether each of the following statements is **true** or **false** in relations to the articles of association of a limited company   (4mks)

	Statement	True/False
(a)	Indicates the liabilities of shareholders	
(b)	Indicates the process to be followed in calling meetings	
(c)	Contains the rights of each shareholder	
(d)	Contains the activities the company is engaged in	

10. Outline **four** circumstances under which a government may be involved in business(4mks)

(a) _____

(b) _____

(c) _____

(d) _____

11. Kirema is in a dilemma as to whether he should use containers to transport his goods or not. Outline **four** benefits he is likely to enjoy by using containers in transport (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

12. Outline **four** benefits that accrue to a trader who decides to build his own warehouse
(4mks)

(a) _____

(b) _____

(c) _____

(d) _____

13. Identify any **four** activities carried out in the process of distribution (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

14. State **four** reasons for maintaining a cash book in a business enterprise (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

15. Mention four ways in which a government can influence the price of a commodity (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

16. In the spaces provided state the type of insurance policy that relates to the following situations (4mks)

	Situation	Type of policy
(a)	Cover water vessels against damage/losses	
(b)	Covers losses arising as a result of failure by customers to pay debits	
(c)	Cover against financial losses arising from dishonest employer	
(d)	Covers losses against water vessels or cargo in a specified route over a given period of time	

17. State the line of communication involved in each of the following (4mks)

(a) The Chief executive officer of Honey Company Ltd talking to the chief executive officer of Bees Company Limited -

(b) A receptionist asking for time off from her boss -

(c) Production manager giving instructions to the Secretary of the sales manager

(d) The store keeper giving explanations to the Chief accountant

18. State the source document used to prepare the following journal (4mks)

(a) Purchases journal -

(b) Sale -

(c) Returns inwards journal -

(d) Returns outward journal -

19. State **four** ways in which production activities negatively affects a community's health (4mks)

(a) _____

(b) _____

(c) _____

(d) _____

20. State whether each of the following transactions will increase, decrease or have no effect on balance sheet totals (5mks)

	Transaction	Effects on balance sheet totals
(a)	Deposited cash from private savings	
(b)	Paid a creditor in cash	
(c)	Purchased a delivery ran and paid by cheque	
(d)	Withdrew money from bank for office se	

21. The following balances relate to the retail business of Mwala for the month of July 2012

		shs
Sales	-	50,000
Expenses	-	10% of sales
Cost of goods sold	-	40,000

Calculate

(i)   Mark up   (1mk)

(ii)   Margin   (1mk)

(iii) Total expenses   (1mk)

(iv) Net profit   (1mk)

22. Outline **four** differences between a monopolistic competition and monopoly market structures (4mks)

   (a) _____

   (b) _____

   (c) _____

   (d) _____

23. Mention **four** was in which the economic environment positively affects the performance of a business (4mks)

   (a) _____

   (b) _____

   (c) _____

   (d) _____

24. Name the account to be debited or credited in the spaces provided (4mks)

	Transaction	Account to be Debited	Account to be Credited
(a)	Bought a motor vehicle for the Business in cash		
(b)	Purchased goods on credit		
(c)	Goods worth sh 5,000 were returned by a customer being part of credit sales		
(d)	Peter a debtor paid sh 20,000 by cheque to the business		

25.   MS Wambui current account holder with PQR Bank Ltd issues a cheque in favour of Mungai who later transferred his rights on the cheque to Onyango

Give business terms that could be used to describe   (4mks)

(a)   MS Wambui   -

(b)   PQR Bank Ltd   -

(c)   Transfer of the cheque to make the cheque as a property of Onyango   -

(d)   Onyango