

NAME..... CLASS..... INDEX NO.....

ADM. NO.....SIGNATURE..... DATE.....

565/1

BUSINESS STUDIES

FORM FOUR TERM ONE

MARCH - 2020

PAPER 1

MOKASA 1

TIME: 2 HOURS

MOKASA 1 EXAMINATION

KENYA CERTIFICATE OF SECONDARY EDUCATION

BUSINESS STUDIES

FORM FOUR TERM ONE - 2020

PAPER 1

565/1

TIME: 2 HOURS

Instructions to candidates:

- a) Write your name, class, index number, admission number, signature and date of the examination.
- b) Answer all questions in the spaces provided.
- c) The question paper has **8** printed pages. Please check to ensure all questions are printed and no question is missing.

1. Define the following terms as used in satisfaction of human wants (4mks)

a) Scarcity

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b) Scale of preference

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c) Choice

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d) Opportunity cost

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.....

2. Currently, many businesses are conducting trade online. Give **four** advantages of this trend (4mks)

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

3. Highlight **four** reasons why consumer cooperative societies are not popular in Kenya (4mks)

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

4. State **four** circumstances under which a manufacturer would transport products using a container (4mks)
- a)
 - b)
 - c)
 - d)
5. Highlight **four** functions of advertising agencies in creating product awareness (4mks)
- a)
 - b)
 - c)
 - d)
6. State **four** assumptions in the circular flow of National Income in a two sector economy (4mks)
- a)
 - b)
 - c)
 - d)
7. Outline **five** steps that are followed when opening a ledger account (5mks)
- I.
 - II.
 - III.
 - IV.
 - V.
8. Kenya anticipates attaining certain development milestones by the year 2030. State **four** development goals the country desires to achieve (4mks)
- a)
 - b)
 - c)
 - d)

9. Highlight **four** principles that every county government must adhere to before incurring any expenditure (4mks)
- a)
 - b)
 - c)
 - d)
10. Outline **four** ways of classifying goods in an economy. (4mks)
- a)
 - b)
 - c)
 - d)
11. A group of form four leavers plan to start a company. Highlight **four** documents that they will be required to submit to the registrar of companies. (4mks)
- a)
 - b)
 - c)
 - d)
12. Apart from the price mechanism, identify **three** other ways in which the prices of goods and services can be determined in an economy. (3mks)
- a)
 - b)
 - c)
13. Highlight **four** ways through which communication can be improved in an organization (4mks)
- a)
 - b)
 - c)
 - d)

14. The following are descriptions of types of unemployment. Identify the unemployment and the particular solution. (4mks)

	Description of unemployment	Type	Solution
(a)	Where there are many employees doing work meant for few people		
(b)	Where there is a mismatch between the sufficient skilled labour looking for jobs and the vacancies available		
	Where labour is needed only at certain times of the year		
(d)	Where people have physical or mental disabilities and cannot get jobs.		

15. Outline **four** advantages of using a credit card when purchasing goods and services. (4mks)

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

16. The following information relates to Chumah during the month of March 2017.

March 7th: Sold an old vehicle for sh.900,000 to Super Motors Ltd on credit.

March 9th: Sold an old Computer for sh. 27,000 to Yannar Ltd on credit.

March 10th: Purchased a Tractor on credit for sh.600,000 from Sifa Farms Ltd.

March 16th: Purchased Dining chairs from Ujumbe Furnitures sh. 90,000 on credit.

Open a journal proper for Chumah Ltd for the month of March 2017. (4mks)

17. The following information relates to Mkabwa traders Ltd as at 31/12/2015.

	Ksh.
Capital	290,000
Drawings	35,000
6 year loan	500,000
Furniture	600,000
Closing stock	40,000
Cash in hand	155,000
Debtors	100,000
Bank overdraft	140,000

Expected

Prepare Mkabwa Traders Ltd Balance sheet as at 31/12/2015

(4mks)

18. Highlight **four** factors that may negatively influence entrepreneurship practices in Kenya.

(4mks)

- e)
- f)
- g)
- h)

19. State **four** features of a chain store.

(4mks)

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

20. Highlight **four** importance of warehousing to a consumer. (4mks)

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

21. Highlight **four** circumstances under which a producer would prefer to sell goods through a wholesaler. (4mks)

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

22. Show the effects (increase, decrease or no effect) of the following transactions on Capital, Assets, Liabilities and the Balance sheet totals. (4mks)

Transaction	Capital	Assets	Liabilities	Balance sheet totals
Started Business with ksh. 10,000 in cash.				
Purchased goods worth ksh. 4,500 on credit.				
Took goods worth ksh 2,000 for personal use.				
Sold goods worth ksh. 2000 for ksh 3,000 on cash				

23. Highlight **four** ways in which the Central Bank acts as a Banker to the government.

(4mks)

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

24. Use a tick to identify where the following items are recorded in the table below. (4mks)

Item	Current Account	Capital Account
Grants from foreign donors		
Visible imports		
Receipts from tourism		
Dividends paid to foreign investors.		

25. Highlight **four** ways in which the government creates an enabling business environment.

(4mks)

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