

NAME.....ADM NO.....CLASS.....

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

MECS CLUSTER JOINT EXAMINATION

FORM FOUR END OF THE TERM TWO EXAMINATION 2022

INSTRUCTIONS TO CANDIDATES

- Write your name, class and admission number in the spaces provided above
- This paper contains 25 questions
- Answer **ALL** questions in the spaces provided
- This paper consists of 9 printed pages
- Candidates should check the question paper to ascertain that all the pages are printed and that no questions are missing

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

17	18	19	20	21	22	23	24	25	•
									100

1. A business is required to maintain a healthy environment free from pollution. State **four** ways in which the environment may be polluted. (4mks)

2. State **four** characteristics of human wants. (4mks)

3. Outline **four** ways in which a developing country like Kenya may benefit from entrepreneurship. (4mks)

4. Give **four** reasons why filing is important in an office. (4mks)

5. Highlight **four** Factors which may render face to face communication ineffective. (4mks)
6. State **four** banking services that the central bank of Kenya provides to the government. (4mks)
7. Highlight **four** factors that may lead to an overcharge in an invoice. (4mks)
8. The following transactions relate to upendo enterprises for the month of July 2022
July 1 balance b\|d cash 20000, bank over draft 5000
July 10 paid juma a creditor sh, 2000 cash in full settlement of his account of sh. 2100
July 20 received a cheque of sh. 30000 from Pato a debtor having deducted 20% cash discount
JULY 30 withdrew sh. 8000 from bank for office use
REQUIRED record the above transactions in a three column cash book (4mks)

9. Calculate the missing figures in the table below. (4mks)

Capital	assets	Liabilities
80000	70000
.....	300000	20000
600000	1000000
.....	600000	40000

10. State **four** reasons that account for the need for consumer protection. (4mks)

11. Outline **four** features of a private limited company (4mks)

12. Indicate the type of journal in which each of the following transaction would be recorded. (4mks)

TRANSACTION	JOURNAL
Good sold for cash	
Purchases of office furniture on credit	

Goods bought on credit	
Goods bought on credit returned to supplier	

13. Indicate the type of utility created by each of the following activity. (4mks)

Milling wheat grain in to flour	
Transporting wheat grain	
Selling bread in a shop	
Storing grains in silos	

14. Outline **four** disadvantages of a long chain of distribution of goods to a buyer. (4mks)

15. State **four** benefits of advertising to a consumers (4mks)

16. State **four** uses of national income statistics

(4mks)

17. Outline **four** ways in which a youthful population may be useful to a country. (4mks)

18. The following information relates to Wakesho traders as at 31st July 2022

Details	shs
Furniture and fittings	130000
Debtors	70000
Commission accrued	10000
Creditors	50000
Drawings	20000
Discount received	1000
Bank overdraft	5000
Bank loan	10000
Capital	55000

Required; prepare Wakesho traders trial balance as at 31st July 2022. (4MKS)

19. State **four** sources of government revenue. (4mks)

20. Highlight **four** factors that could lead to a faster economic development in a country. (4mks)

21. State **four** factors that insurance companies consider before determining premium to be paid. (4mks)

22. Indicate the effect of the following transactions on the capital of a business. Use **increase, decrease or no effects**. (4mks)

Transactions	Effects
Owner took cash from the business for personal use	
Payment of business expenses in cash	
Owner deposited additional cash from personal savings	
The business made loss from trading	

23. The cost of consumers goods and services for a representation basket of an average family is given below.

Year	2020	2021
Price(shs)	2000	3000

Determine the increase in consumer price index using 2020 as the base year. (4mks)

24. State **four** features of perfectly competitive market structure (4mks)

25. The following information was extracted from tamu tradersas at 31 dec 2021

Fixed assets	40000
Stock	12000
Current liabilities	6000
Profits for the year	10000

Calculate;

a) Rate of return on capital employed (2mks)

b) Current assets (2mks)

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