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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
|   |  |  |  |  |  |  |  |  |

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)

1. 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;

1. Rate of return on capital employed (2mks)
2. Current assets (2mks)

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