**NAME OF SCHOOL: …………………………………………………………………..**

**FORM FOUR BUSINESS STUDIES. Paper 1 (565/1)**

**END OF TERM 2 2022 EXAMINATION**

**TIME: 2 HOURS**

**NAME………………….................... ADM NO. …………CLASS…………….**

**INSTRUCTIONS TO CANDIDATES**

1. Write your name and admission number in the spaces provided above.
2. Answer ALL the questions
3. ALL answers must be written in the spaces provided in this booklet.
4. This paper consists of 8 printed pages.
5. Candidates should check the question paper to ascertain that all the pages are printed as indicated and no questions are missing.

**FOR EXAMINERS’S USE ONLY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **13** | **14** | **15** | **16** | **17** | **18** | **19** | **20** | **21** | **22** | **23** | **24** | **25** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**TOTAL**

**MARKS**

1. List four characteristics of direct production. (4 marks)
2. ………………………………………………………………………………………………
3. ………………………………………………………………………………………………
4. ……………………………………………………………………………………………….
5. ……………………………………………………………………………………………….
6. The following features relate to warehousing. Indicate the most suitable type of warehousing. (4 marks)

|  |  |  |
| --- | --- | --- |
|  | **Feature** | **Type** |
|  | Used to store goods until excise duty is paid |  |
|  | Most located at strategic points and available at a fee |  |
|  | Used to store non-dutible goods from within or outside the country |  |
|  | Usually designed to suit one’s specifications |  |

3. Outline **four** circumstances that would make an office manager to replace an existing machine with a modern one (4 marks)

1. ………………………………………………………………………………………………
2. ……………………………………………………………………………………………….
3. ……………………………………………………………………………………………….
4. ……………………………………………………………………………………………….
5. The following information relates to Gaturu Traders for the month of July 2013

July 1: Bal b/f: Cash 280,000 (Dr) and Bank 80,000 (Cr)

July 4: Received cheque shs 150,000 from a debtor

July 9: Paid Kelvin shs. 40,000 by cheque for goods bought at shs 66,000 and the balance in cash

July 10: Sold stock worth shs 20,000 cash

Enter the above transaction in relevant cash book (4 marks)

1. State four disadvantages of barter trade (4 marks)
2. ………………………………………………………………………………………………
3. ………………………………………………………………………………………………
4. ……………………………………………………………………………………………….
5. ……………………………………………………………………………………………….
6. Antony had the following balances at the end of the trading period on 31st Dec. 2014

**Details: Ksh.**

Cash 40,000

Creditors 140,000

Premises 400,000

Fixtures 180,000

Bank loan 160,000

Vehicles 100,000

Debtors 70,000

Prepare his balance sheet at the end of the trading period (4 marks)

7. Name the factors of production the following resources relate to (4 marks)

|  |  |  |
| --- | --- | --- |
|  | **Description** | **Occupation** |
|  | Receptionist |  |
|  | Machinery |  |
|  | Wind |  |
|  | Owner |  |

1. Associate each of the following statements with the correct type of partner described

(4 marks)

1. A partner who is under age: ……………………………………………………………
2. A partner who contributes capital: ………………………………………………………
3. A partner who is inactive: ………………………………………………………………
4. A partner with unlimited liabilities: ……………………………………………………
5. The following diagram represents the circular flow of income in a two sector closed economy

**HOUSEHOLDS**

**FIRM**

a

b

Identify two factors represented by each of the arrows labelled a and b (4 marks)

1. ………………………………………………………………………………………………
2. ………………………………………………………………………………………………
3. ……………………………………………………………………………………………….
4. ……………………………………………………………………………………………….

10. Name four documents that may be required by the registrar of companies in order to register a public limited company (4 marks)

1. ………………………………………………………………………………………………
2. ………………………………………………………………………………………………
3. ……………………………………………………………………………………………….
4. ……………………………………………………………………………………………….
5. State **four** benefits that a trader may get by advertising products in a newspaper. (4 marks)
6. ………………………………………………………………………………………………
7. ………………………………………………………………………………………………
8. ……………………………………………………………………………………………….
9. ……………………………………………………………………………………………….
10. State four roles of intermediaries in the chain of distribution. (4 marks)
11. ………………………………………………………………………………………………
12. ………………………………………………………………………………………………
13. ……………………………………………………………………………………………….
14. ……………………………………………………………………………………………….
15. By use of the book keeping equation, determine the missing values in the table below.

(4 marks

|  |  |  |  |
| --- | --- | --- | --- |
| **Assets (Ksh.)** | **Capital (Ksh.)** | **STL (Ksh.)** | **LTL (Ksh.)** |
| 2,052,500 | 900,900 | 151,600 | * **a) …………..…** |
| 2,766,450 | * **b)……….………** | 350,850 | 1,821,250 |
| * **c)………….…….** | 1,010,000 | 464,030 | 200,000 |
| 2,770,970 | 1,260,860 | * **d)………….…** | 932,000 |

1. The national income is measured using the expenditure method given as; ***Y=C+I+G+(X-M)***

State what each of the following letters represents (4 marks)

C………………………………………………………………………………………………

I………………………………………………………………………………………………

G……………………………………………………………………………………………….

(X-M)………………………………………………………………………………………….

1. Murang’a Traders had the following information for the month ending 31st Jan 2015

**Sh.**

Opening stock 200,000

Closing stock 300,000

Purchases 500,000

Margin 20%

Prepare: Murang’a Traders Trading Account for the year ended 31st Jan, 2015 (4 Marks)

1. Outline four factors that may limit a country’s ability to attain its budgetary estimates (4 marks)
2. ………………………………………………………………………………………………
3. ………………………………………………………………………………………………
4. ……………………………………………………………………………………………….
5. ……………………………………………………………………………………………….
6. Outline **four** characteristics of a good business opportunity. (4 marks)
7. ………………………………………………………………………………………………
8. ………………………………………………………………………………………………
9. ……………………………………………………………………………………………….
10. ……………………………………………………………………………………………….
11. State **four** principles of public expenditure (4 marks)
12. ………………………………………………………………………………………………
13. ………………………………………………………………………………………………
14. ……………………………………………………………………………………………….
15. ……………………………………………………………………………………………….
16. Outline four negative effects of overpopulation in a nation (4 marks)
17. ………………………………………………………………………………………………
18. ………………………………………………………………………………………………
19. ……………………………………………………………………………………………….
20. ……………………………………………………………………………………………
21. The table below shows the price for a 2kg packet of Unga for various months in the year 2010. Calculate the consumer price index for each month (4 marks)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Month** | **Price (Shs)** | **Consumer price index** |
| a) | January | 100 |  |
| b) | February | 80 |  |
| c) | March | 120 |  |
| d) | April | 140 |  |

1. List four forms of retail shops that a school leaver may engage in (4 marks)
2. ………………………………………………………………………………………………
3. ………………………………………………………………………………………………
4. ……………………………………………………………………………………………….
5. ……………………………………………………………………………………………….
6. Highlight four importance of Subsidiary Books (4 marks)
7. ………………………………………………………………………………………………
8. ………………………………………………………………………………………………
9. ……………………………………………………………………………………………….
10. ……………………………………………………………………………………………….
11. State four reasons why short message services (sms) is replacing letters as a way of communication (4 marks)
12. ………………………………………………………………………………………………
13. ………………………………………………………………………………………………
14. ……………………………………………………………………………………………….
15. ……………………………………………………………………………………………….
16. Highlight **four** disadvantages of cartage transport (4 marks)
17. ………………………………………………………………………………………………
18. ………………………………………………………………………………………………
19. ……………………………………………………………………………………………….
20. ……………………………………………………………………………………………….
21. The figure below shows a shift in demand for a commodity from D0D0 to D1D1.

(4 marks)

P1

Q1

Q0

D0

D0

D1

**Price**

**Shs.**

**Quantity demanded**

D1

State four possible causes of this situation (4 marks)

1. ………………………………………………………………………………………………
2. ………………………………………………………………………………………………
3. ……………………………………………………………………………………………….
4. ……………………………………………………………………………………………….