

Term 2 - 2022
BUSINESS STUDIES (565/1)
FORM FOUR (4)
Time: 2 Hours

Name: **Adm No:**
School: **Class:**
Signature: **Date:**

ANSWER ALL QUESTIONS IN THIS PAPER

1. Outline four benefits that consumers get from warehousing. (4mks)
- i)
 - ii)
 - ii)
 - iii)

2. Name the business document that each of the following descriptions refers.(4 Marks)

Description	Document
a)It is used to correct an overcharge in an invoice	
b)It is used to alert the buyer that ordered goods are on the way	
c)Summarize all monthly credit transactions between regular buyer and seller.	
d)It is a reply to an inquiry which contains descriptions, illustrations, terms of sale and prices of goods	

3. Outline four reasons why a business person may prefer written communication to verbal communication. (4 Marks)

- i)
- ii)
- iii)
- iv)

4. Outline factors that may lead to a shift in the supply curve to the right. (4mks)

- i)
- ii)
- iii) -----
- iv) -----

5. Using a tick(✓) indicate the effect of the following transactions on capital(4mks)

Transaction	Increase	Decrease	No effect
a)Withdrew cash for personal use			
b)Used personal savings to buy stock			
c)Paid a creditor by cheque			
d)Bought office furniture in cash			

6. Omamo a trader had the following assets and liabilities on 1st February 2020.

Shs

Capital	120,000
Machinery	80,000
Trade creditors	10,000
Trade Debtors	20,000
Stock in trade	25,000
Cash at hand	5,000

On 2nd Feb the following transactions took place

Purchased goods on credit for shs. 15,000

Received a cheque sh. 10,000 from a debtor

Sold the machinery for shs. 90,000 in cash

Required: Prepare Omamo Balance Sheet as at 2nd January 2020 after the above transactions
(5mks)

7. State four external factors that may positively influence the operation of a business.(4mks)

i)

ii)

iii)

iv)

8. Outline four circumstances when the government may introduce regulatory measures to protect consumers from exploitation by business people. (4mks)

- i)
- ii)
- iii)
- iv)

9. State four features of a perfectly competitive market (4mks)

- i)
- ii)
- iii)
- iv)

10. Identify four factors that may cause demand- pull inflation to occur in a country (4 Marks)

- i)
- ii)
- iii)
- iv)

11. The following transactions relate to Salim traders

- a) 15th Feb 2020 sold an old business vehicle for shs. 150,000 on credit to Recovery Motors
- b) 20th Feb 2020 bought a new sewing machine on credit from singer limited for shs.50,000

Required: Record the above transactions in a General Journal

12. State four demerits that are associated with water transport. (4 Marks)

- i)
- ii)
- iii)
- iv)

13. State four advantages of an open office layout to an organization (4mks)

- i)
- ii)
- iii)
- iv)

14. Highlight four features private limited company (4 Marks)

- i)
- ii)
- iii)
- iv)

15. Open relevant ledger accounts using the following information. (4 Marks)

1/2/2011 started business with sh. 10,000 in cash and sh. 50,000 at bank.

2/2/2011 Bought goods on credit from LK traders worth sh.5000

4/2/2011 Withdrew sh. 2000 from bank for office use.

16. Outline four circumstances where personal selling is appropriate. (4 Marks)

- i)
- ii)
- iii)
- iv)

17. Highlight four benefits that a firm may enjoy by preparing a business plan. (4 Marks)

- i)
- ii)
- iii)
- iv)

18. Highlight four forms of economic integration (4 Marks)

- i)
- ii)
- iii)
- iv)

19. A business had the following record for the year ended 31st December 2018

Capital as at 31/12/18	64,000
Net profit for the year	14,000
Capital as at 1 st Jan 2018	42,000
Monthly drawings	1,500

Calculate the additional investments made during the year (4 Marks)

20. Outline four principles that guide a government in spending public finance (4 Marks)

- i)
- ii)
- iii)
- iv)

21. State four negative implications of ageing population in a country (4 Marks)

- i)
- ii)
- iii)
- iv)

22. State four errors which may affect the agreement of a trial balance(4mks)

- i).....
- ii).....
- iii).....

iv).....

23. The following information relates to Mumbua traders for the year ended 31st April 2020.

Cash at bank	30,000
Cash in hand	40,000
Current liability	500,000
Sales	920,000
Opening stock	150,000
Closing stock	230,000

Margin 25%

Expenses 15% of sales

Determine

i) Gross profit (1Mark)

ii) Cost of sales (1Mark)

iii) Purchases for the year (1Mark)

iv) Net profit (1Mark)

24. State any four money transfer facilities offered by commercial banks (4 Marks)

- i)
- ii)
- iii)
- iv)

25. State four problems encountered at the plan implementation stage in economic planning and development (4 Marks)

- i)
- ii)
- iii)
- iv)