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

**ADM NO:………………………… DATE:……………….. SIGNATURE………….……**

**565/1**

**BUSINESS STUDIES**

**THEORY**

**PAPER 1**

**FORM FOUR**

**TIME: 2 Hours**

**CATHOLIC DIOCESE OF KAKAMEGA EVALUATION TEST.**

**AUG/SEPT EXAM 2022,**

**Instructions to Candidates**

1. Answer all questions in the spaces provided below each question.

**FOR EXAMINERS USE ONLY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** | **14** | **15** | **16** | **17** | **18** | **19** | **20** |
| **marks** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 21 | 22 | 23 | 24 | 25 |
|  |  |  |  |  |

1. Outline **four** ways in which business studies may be of benefit to an individual. (4mks)

(a)

(b)

(c)

(d)

2. Highlight **four** demographic factors that may affect the performance of a business. (4mks)

(a)

(b)

(c)

(d)

3. Mention the factor of production to which each of the following resources relate. (4mks)

|  |  |
| --- | --- |
| Resource  | Factor of production  |
| 1. Manager
 |  |
| 1. Cotton
 |  |
| 1. Owner
 |  |
| 1. Factory
 |  |

4. Fill in the missing figures in the following table. (4mks)

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities  | Capital  | Fixed assets  | Current assets |
| 401,400 | 640,900 | 750,700 | **W**  |
| **X** | 739,200 | 925,600 | 259,100 |
| 586,800 | **Y** | 980,250 | 205,100 |
| 436,000 | 340,000 | **Z**  | 264,900 |

5. The diagram below shows shift in supply curve from SoSo to SISI

 **SI**

 **Price** **SO**

 **SI**

 **SO**

 **Quantity supplied**

State **four** factors that may account for the above shift. (4mks)

(a)

(b)

(c)

(d)

6. The management of Rembo traders operates an open office layout. State four advantages the management gets from this layout. (4mks)

(a)

(b)

(c)

(d)

7. State **four** differences between Life Assurance and General insurance. (4mks)

|  |  |
| --- | --- |
| **Life Assurance** | **General Insurance** |
| (a) |  |
| (b) |  |
| (c) |  |
| (d) |  |

8. State **four** benefits that a trader may get by advertising products in a newspaper. (4mks)

(a)

(b)

(c)

(d)

9. Highlight **four** problems which may be encountered when measuring national income using output approach. (4mks)

(a)

(b)

(c)

(d)

10. Highlight the role of consumer organisations in consumer protection. (4mks)

(a)

(b)

(c)

(d)

11. Maendeleo Traders had the following Assets and Liabilities as at January 2020

Furniture 300,000

Equipment 50,000

Debtors 45,000

Cash 7,000

Creditors 48,000

For the year ended 31st December 2020 there was

(i) Additional capital introduced amounting to Sh. 34,000

(ii) Drawings made during the year amounting to Sh. 20,000

(iii) Net profit amounting to Sh 34,000

Determine the capital of the business as at 31st December 2020. (4mks)

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12. Farida company has developed a new product in the market. Outline four methods that may be used to determine the price of the product. (4mks)

(a)

(b)

(c)

(d)

13. Outline **four** current trends in the transport sector in Kenya. (4mks)

(a)

(b)

(c)

(d)

14. State **four** features of a parastatal. (4mks)

(a)

(b

(c)

(d)

15. Indicate the type of journal in which each of the following transactions would be

 recorded. (4 mks)

|  |  |  |
| --- | --- | --- |
|  | **Transaction** | **Journal** |
| **(i)** | **Purchase of goods on credit** |  |
| **(ii)** | **Sale of Machinery on credit** |  |
| **(iii)** | **Goods previously bought on credit returned to the suppliers** |  |
| **(iv)** | **Correction of an error in account** |  |

16. State the type of unemployment described in each of the following:- (4MKS)

(a) Where people have temporarily lost jobs and are seeking for new ones.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(b) Where people are rendered jobless at a certain period of the year.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(c) Where people lost jobs due to change in technology.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(d) Where people lose jobs during a period of economic recession.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

17. The following balances were extracted from the books of Haraka Traders as at 30th June 2021.

 **Shs**

Sales 1,400

Carriage outwards 6,000

Discount allowed 11,000

Discount received 5,000

Returns inwards 12,000

Commission received 3,000

Purchases 2,000

Bank 50,000

Cash 80,000

Debtors 20,000

Capital 150,000

Creditors 9,000

Prepare Haraka Traders Trial balance as at 30th June 2021

18. Outline four factors which may limit the effectiveness of a warehouse. (4MKS)

(a)

(b)

(c)

(d)

19. Mention the type of document described in the statements below: (4MKS)

(a) A document sent with the purpose of correcting an overcharge.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (b) A document sent to reply to a specific letter of inquiry.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (c) A document sent to demand for payment of goods sold.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (d) A document sent to request the seller to supply goods indicated.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

20. The following information relates to Uwezo traders for the year ended 31st December 2018. (4MKS)

Sales 480,000

Stock (1/1/2018 60,000

Stock (31/12/2018 30,000

Margin 25%

Determine:

(a) Gross profit (1 mk)

(b) Cost of sales (1 mk)

(c) Rate of stock turn over. (2 mks)

21. Outline **four** features of money that enables it to facilitate the exchange of goods and services. (4 mks)

(a)

(b)

(c)

(d)

22. Mention **four** circumstances under which a partnership may be dissolved. (4mks)

(a)

(b)

(c)

(d)

23. Highlight **four** challenges of locating firms at a central place. (4mks)

(a)

(b)

(c)

(d)

24. State **four** uses of cash book. (4mks)

(a)

(b)

(c)

(d)

25. Outline **four** characteristics of basic wants. (4mks)

(a)

(b)

(c)

(d)