**MURANG’A EXTRA COUNTY SCHOOLS (MECS) CLUSTER EXAMINATION**

**BUSINESS STUDIES PAPER 1 -565/1**

**FORM 4 END TERM 1 2023**

**TIME: 2 HOURS**

**NAME…………………………………………………….ADM………………..CLASS……..**

**CANDIDATE’S SIGNATURE…………………………….DATE……………………………**

**INSTRUCTIONS TO CANDIDATES**

1. Write your name and admission number in the spaces provided above.
2. Sign and write the date of the examination in the spaces provided above.
3. Answer all the questions in the spaces provided
4. This paper consists of 8 printed pages. Candidates should check carefully to ascertain that all the pages are printed as indicated and that no questions are missing.
5. Candidates should answer the questions in English.

**FOR EXAMINERS USE ONLY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| QUESTION | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| MARKS |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| QUESTION | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | **TOTAL SCORE** |
| MARKS |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. State four banking services offered by Central Bank of Kenya to the Kenyan Government. (4mks)
2. .........................................................................................................................................
3. ..........................................................................................................................................
4. ..........................................................................................................................................
5. ..........................................................................................................................................
6. State the term used to describe each of the following disciplines. (4mks)
7. Study of the process of identifying and acquiring necessary resources to start and operate a business

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1. Study of how human beings strive to satisfy their endless wants using the scarce resources.

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1. Study of trade and aids to trade.

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1. Study of the systematic way of recording business activities and using the records for decision making

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1. For each of the following types of accounts, state in the spaces provided whether you debit (Dr.) or credit (Cr.) increase or decrease in the account. (3mks)

|  |  |  |
| --- | --- | --- |
| Type of account | To increase | To decrease |
| 1. Asset |  |  |
| 1. Capital |  |  |
| 1. Liability |  |  |

1. Outline four benefits of using social media such as Whatsapp groups for office communication. (4mks)
2. ..........................................................................................................................................
3. ..........................................................................................................................................
4. ..........................................................................................................................................
5. ..........................................................................................................................................
6. The following balances were extracted from the books of Ufanisi enterprises on 31st December 2022.

Fixed asset 3,000,000

Current assets 500,000

Creditors 700,000

4-year loan 1,500,000

Calculate the net worth of the above business as at 31st Dec 2022. (4mks)

1. Highlight four features of direct production (4mks)
2. ..........................................................................................................................................
3. ..........................................................................................................................................
4. ..........................................................................................................................................
5. ..........................................................................................................................................
6. State four reasons for observing ethical practices in product promotion. (4mks)
7. ..........................................................................................................................................
8. ..........................................................................................................................................
9. ..........................................................................................................................................
10. ..........................................................................................................................................
11. Outline four reasons why human beings make choices when satisfying their wants. (4mks)
12. ..........................................................................................................................................
13. ..........................................................................................................................................
14. ..........................................................................................................................................
15. ..........................................................................................................................................
16. State four disadvantages of concentrating industries in one area within a country. (4mks)
17. ..........................................................................................................................................
18. ..........................................................................................................................................
19. ..........................................................................................................................................
20. ..........................................................................................................................................
21. Highlight four external business environment that may positively affect the operations of a business. (4mks)
22. ..........................................................................................................................................
23. ..........................................................................................................................................
24. ..........................................................................................................................................
25. ..........................................................................................................................................
26. Ahadi Ltd had the following book balances as at 31st December 2022

Shs

Sales 500,000

Stock 1/1/2022 20,000

Returns inwards 5,000

Purchases 300,000

Stock 31/12/2022 40,000

Returns outwards 10,000

Prepare Ahadi Ltd Trading Account for the year ended 31st December 2022. (5mks)

1. Outline four circumstances under which a trader may prefer to start a small firm. (4mks)
2. ..........................................................................................................................................
3. ..........................................................................................................................................
4. ..........................................................................................................................................
5. ..........................................................................................................................................
6. State four errors which may affect the agreement of a trial balance totals. (4mks)
7. ..........................................................................................................................................
8. ..........................................................................................................................................
9. .........................................................................................................................................
10. ..........................................................................................................................................
11. Highlight four features of a bonded warehouse. (4mks)
12. ..........................................................................................................................................
13. ..........................................................................................................................................
14. ..........................................................................................................................................
15. ..........................................................................................................................................
16. State the reward for each of the following factors of production. (4mks)

|  |  |
| --- | --- |
| **Factors of production** | **Reward** |
| 1. Land |  |
| 1. Capital |  |
| 1. Entrepreneurship |  |
| 1. Labour |  |

1. Outline four negative effects of an ageing population in a developing country (4mks)
2. ..........................................................................................................................................
3. ..........................................................................................................................................
4. ..........................................................................................................................................
5. ..........................................................................................................................................
6. Highlight four ways in which a government participate in business activities. (4mks)
7. ..........................................................................................................................................
8. ..........................................................................................................................................
9. ..........................................................................................................................................
10. ..........................................................................................................................................
11. The diagram below represents the demand and supply of commodity x.

Price

P

Q Quantity demanded & supplied

State four possible consequences of selling commodity x at price higher than the equilibrium price P. (4mks)

1. ..........................................................................................................................................
2. ..........................................................................................................................................
3. ..........................................................................................................................................
4. ..........................................................................................................................................
5. State four features of an insurable interest. (4mks)
6. ..........................................................................................................................................
7. ..........................................................................................................................................
8. ..........................................................................................................................................
9. ..........................................................................................................................................
10. Identify the source document from which the information given below would be obtained from. (4mks)

|  |  |
| --- | --- |
| **Information** | **Source Document** |
| 1. Money received from a debtor |  |
| 1. Credit purchases |  |
| 1. Increasing amount a debtor is required to pay |  |
| 1. Credit sales |  |

1. Highlight four characteristics of an entrepreneur. (4mks)
2. ..........................................................................................................................................
3. ..........................................................................................................................................
4. ..........................................................................................................................................
5. ..........................................................................................................................................
6. Outline four ways through which firms contribute to national income of a country.

(4mks)

1. ..........................................................................................................................................
2. ..........................................................................................................................................
3. ..........................................................................................................................................
4. ..........................................................................................................................................
5. State the meaning of the following terms as used in Business. (4mks)
6. Mergers

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1. Holding companies

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1. Franchising

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1. Cartel

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1. State four ways the central bank of a country may use to reduce money in circulation within a country. (4mks)
2. ..........................................................................................................................................
3. ..........................................................................................................................................
4. ..........................................................................................................................................
5. ..........................................................................................................................................
6. The information below relates to R.S LTD

sh

Sales 20,000

Cost of sales 15,000

Average stock 6,000

Expenses 10% of sales

Calculate

1. Gross profit markup (1mk)
2. Gross profit margin (1mk)
3. Rate of stock turn over (1mk)
4. Net profit (1mk)