**NAME: …………………………………....………… ADM NO: …………..**

**CLASS: …………………………………………. DATE: ………………**

**BUSINESS STUDIES 565/1**

**FORM 4**

**OPENER EXAMINATION TERM 3, 2022**

**SEP/OCT 2022**

**TIME: 2 HOURS**

**INSTRUCTIONS:**

ANSWER ALL THE QUESTIONS IN THE SPACES PROVIDED

1. Outline four components of business studies. (4mks)
2. ……………………………………………………………………………
3. ……………………………………………………………………………
4. ……………………………………………………………………………
5. ……………………………………………………………………………
6. Outline four features of secondary wants. (4mks)
7. ………………………………………………………………………………
8. ………………………………………………………………………………
9. ………………………………………………………………………………
10. ………………………………………………………………………………
11. Outline four causes of unemployment. (4mks)
12. ……………………………………………………………………………….
13. ……………………………………………………………………………….
14. ……………………………………………………………………………….
15. ……………………………………………………………………………….
16. Outline four circumstances under which a business man would choose to transport goods by air. (4mks)
17. ………………………………………………………………………………………..
18. ………………………………………………………………………………………..
19. ………………………………………………………………………………………..
20. ………………………………………………………………………………………..
21. The following information relates to Otieno retailers for the month of July 2021.

Sales 50,000

Cost of sales 40,000

Calculate:

1. Mark up. (2mks)
2. Margin. (2mks)
3. State four ways in which government may regulate business in a country. (4mks)
4. ……………………………………………………………………………..
5. ……………………………………………………………………………..
6. ……………………………………………………………………………….
7. ……………………………………………………………………………….
8. Highlight four duties of a clerk in an office. (4mks)
9. ………………………………………………………………………………..
10. ………………………………………………………………………………..
11. ………………………………………………………………………………..
12. ………………………………………………………………………………..
13. Highlight four internal diseconomies of scale in firm. (4mks)
14. …………………………………………………………………………………
15. …………………………………………………………………………………
16. …………………………………………………………………………………
17. …………………………………………………………………………………
18. The following information related to businesses A, B, C and D.

|  |  |  |  |
| --- | --- | --- | --- |
| **Business**  | **Assets**  | **Liabilities**  | **Capital**  |
| A | 250,000 | M | 150,000 |
| B | N | 400,000 | 600,000 |
| C | 150,000 | 60,000 | P |
| D | 350,000 | Q | 250,000 |

Determine the figures represented by M, N, P and Q. (4mks)

1. State four ways in which commercial banks help in facilitating business activities in a country. (4mks)
2. ………………………………………………………………………………….
3. ………………………………………………………………………………….
4. …………………………………………………………………………………..
5. …………………………………………………………………………………..
6. Highlight four circumstances under which a business would prefer to use email instead of a telephone. (4mks)
7. ………………………………………………………………………………………
8. ………………………………………………………………………………………
9. ……………………………………………………………………………………….
10. ………………………………………………………………………………………..
11. Identify the external factors affecting business operations as described by the following statements. (4mks)
12. Law and policies that regulate business activities ………………………………..
13. Affects buyers’ ability to buy commodities offered by a business……………………..
14. Firms selling similar products trying to outdo each other in their efforts to maximize profits………………………………………………………………..
15. Dictates how people live and what products they consume………………………
16. State four factors that may affect capital of a business. (4mks)
17. ……………………………………………………………………………….
18. ……………………………………………………………………………….
19. ……………………………………………………………………………….
20. ……………………………………………………………………………….
21. Kamau retail shop carried out the transactions given in the table below. For each transaction state the source document applicable 4mks

|  |  |
| --- | --- |
| **Transaction**  | **Source document**  |
| 1. Sold goods on credit
 |  |
| 1. Informed a customer of an undercharge
 |  |
| 1. Sold goods for cash
 |  |
| 1. Received allowance for goods returned to the supplier
 |  |

1. Highlight four disadvantages of a long chain of distribution to a buyer. (4mks)
2. ……………………………………………………………………………………
3. ……………………………………………………………………………………
4. ……………………………………………………………………………………
5. ……………………………………………………………………………………
6. Highlight four ways in which a firm can improve the productivity of its labour. (4mks)
7. …………………………………………………………………………………….
8. …………………………………………………………………………………….
9. …………………………………………………………………………………….
10. …………………………………………………………………………………….
11. Outline four factors that may lead to a shift in demand curve to the right. (4mks)
12. ………………………………………………………………………………………
13. ………………………………………………………………………………………
14. ………………………………………………………………………………………
15. ………………………………………………………………………………………
16. Outline four ways that can be taken to improve the efficiency of parastatals in Kenya. (4mks)
17. ……………………………………………………………………………………….
18. ……………………………………………………………………………………….
19. ……………………………………………………………………………………….
20. ……………………………………………………………………………………….
21. Enter the following transactions in the relevant ledgers. (4mks)

2010 March 1 started a business with sh. 150,000 in cash

 March 3 bought furniture worth sh. 15,000 on credit

1. Classify the following taxes as either direct or indirect taxes. (4mks)

|  |  |
| --- | --- |
| **Tax**  | **Classification** |
| 1. Income tax
 |  |
| 1. Value added tax (VAT)
 |  |
| 1. Excise tax
 |  |
| 1. Estate or death duty
 |  |

1. Outline four uses of a cash book. (4mks)
2. …………………………………………………………………………………
3. …………………………………………………………………………………
4. …………………………………………………………………………………
5. …………………………………………………………………………………
6. Outline four reasons why it is advisable to take endowment policy instead of a whole life policy. (4mks)
7. ……………………………………………………………………………………
8. ……………………………………………………………………………………
9. ……………………………………………………………………………………
10. ……………………………………………………………………………………
11. Highlight four factors that discourage entrepreneurial development in Kenya. (4mks)
12. ……………………………………………………………………………………...
13. ………………………………………………………………………………………
14. ………………………………………………………………………………………
15. ………………………………………………………………………………………
16. Highlight four circumstances under which the per capita income would be a good indicator of the standard of living of the people of a country. (4mks)
17. ………………………………………………………………………………………..
18. ………………………………………………………………………………………..
19. ………………………………………………………………………………………..
20. ………………………………………………………………………………………..
21. Identify the type of inflation described. (4mks)

|  |  |
| --- | --- |
| **Description**  | **Type of inflation** |
| 1. A rise in prices due to an increase in money supply
 |  |
| 1. A rise in prices due to an increase in the cost of factors of production
 |  |
| 1. A rise in prices due to buying expensive goods from foreign countries
 |  |
| 1. A rise in prices due to uneven growth in some sectors of the economy
 |  |