NAME: ……………………..………ADM: …….CLASS: ……

BUSINESS STUDIES 565/1

FORM 4

TIME: 2 HOURS

INSTRUCTIONS:

ANSWER ALL THE QUESTIONS IN THE SPACES PROVIDED.

1. Outline four ways in which business studies may be of benefit to an individual. (4mks)
2. --------------------------------------------------------------------------------
3. --------------------------------------------------------------------------------
4. --------------------------------------------------------------------------------
5. ---------------------------------------------------------------------------------
6. State four elements of the economic environment that may influence the operations of a business. (4mks)
7. --------------------------------------------------------------------------------
8. --------------------------------------------------------------------------------
9. --------------------------------------------------------------------------------
10. --------------------------------------------------------------------------------
11. Kamwenje a sole proprietor who operates a private school bought blankets for SH. 100,000. The terms of sale were 20% trade and 5% cash discount if payment was made within two weeks. Calculate the net amount he paid after one week. (4mks)
12. Highlight four reasons why the government trains business people. (4mks)
13. --------------------------------------------------------------------------
14. --------------------------------------------------------------------------
15. --------------------------------------------------------------------------
16. --------------------------------------------------------------------------
17. The conditions given below are for a monopoly firm or a firm operating in the perfect competition. Write the correct market structure against each of the conditions in the spaces provided.

|  |  |
| --- | --- |
| **Condition** | **Market structure** |
| 1. Market structure determines price for the product |  |
| 1. There is free entry and exit |  |
| 1. Product involved is homogenous |  |
| 1. Market structure regulates the supply of the product |  |

1. Outline four elements of transport. (4mks)
2. -----------------------------------------------------------------------------
3. -----------------------------------------------------------------------------
4. -----------------------------------------------------------------------------
5. -----------------------------------------------------------------------------
6. State whether each of the following transactions will increase, decrease or have no effect on the balance sheet totals. (4mks)

|  |  |  |
| --- | --- | --- |
|  | **Transaction** | **Effect** |
| a) | The owner deposited additional cash into the business from his private sources. |  |
| b) | Paid a bank loan |  |
| c) | Sold an old machine and bank the money in the business account. |  |
| d) | Bought office machines on credit. |  |

1. Outline four tools of monetary policy that the government may use to reduce excess money in circulation. (4mks)
2. -----------------------------------------------------------------------------
3. -----------------------------------------------------------------------------
4. -----------------------------------------------------------------------------
5. -----------------------------------------------------------------------------
6. State four factors that may lead to unfavorable terms of trade. (4mks)
7. -----------------------------------------------------------------------------
8. -----------------------------------------------------------------------------
9. -----------------------------------------------------------------------------
10. -----------------------------------------------------------------------------
11. Highlight four characteristics of basic human wants. (4mks)
12. -------------------------------------------------------------------------------
13. -------------------------------------------------------------------------------
14. -------------------------------------------------------------------------------
15. -------------------------------------------------------------------------------
16. Outline four differences between shares and debentures. (4mks)
17. ---------------------------------------------------------------------------------
18. ---------------------------------------------------------------------------------
19. ---------------------------------------------------------------------------------
20. ---------------------------------------------------------------------------------
21. The government has risen the retirement age for civil servants from 55 years to 60 years. Highlight four economic effects of such a move. (4mks)
22. ----------------------------------------------------------------------------------
23. ----------------------------------------------------------------------------------
24. ----------------------------------------------------------------------------------
25. ----------------------------------------------------------------------------------
26. State the meaning of the following entries in the following ledger accounts. (4mks)

|  |  |
| --- | --- |
| Dr capital a/c | cr |
|  | 2021 June 15 Bank Sh. 500,000 |
|  |  |

|  |  |
| --- | --- |
| dr bank a/c | cr |
| 2021 Sh. | 2021 SH. |
| june 15 capital 500,000 | JUNE 16 MOTOR VEHICLE 250,000 |

|  |  |
| --- | --- |
| dr motor vehicle a/c | cr |
| 2021 sh |  |
| june 16 bank 250,000 |  |

1. ------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
2. ------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
3. ------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
4. ------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
5. Highlight four reasons why there is need for a business to observe ethics. (4mks)
6. --------------------------------------------------------------------------------------
7. --------------------------------------------------------------------------------------
8. --------------------------------------------------------------------------------------
9. --------------------------------------------------------------------------------------
10. State four characteristics of a good filing system. (4mks)
11. -----------------------------------------------------------------------------------------
12. -----------------------------------------------------------------------------------------
13. -----------------------------------------------------------------------------------------
14. -----------------------------------------------------------------------------------------
15. Indicate in the spaces provided whether the following taxes are either direct taxes or indirect taxes. (4mks)

|  |  |
| --- | --- |
| **Tax** | **Types of tax** |
| 1. Corporation tax |  |
| 1. Capital gain tax |  |
| 1. Value added tax |  |
| 1. Income tax |  |

1. The following figures relate to Jumbo traders for the year ended 31.12.20.

|  |  |
| --- | --- |
| **Details** | **Sh.** |
| Capital (31.12.20) | 940,000 |
| Net loss | 20,000 |
| Additional investment | 420,000 |
| Monthly drawing | 5,000 |

Determine the capital as at 01/01/20. (4mks)

1. Identify the source documents into which the information given in the table below would be recorded. (4mks)

|  |  |
| --- | --- |
| **Information** | **Source documents** |
| 1. Payments received from debtors |  |
| 1. Purchases made on credit |  |
| 1. Validating payments made by the cashier. |  |
| 1. Requesting for additional payments from debtor. |  |

1. State four types of expenditure that are included in measuring national income using expenditure approach. (4mks)
2. ---------------------------------------------------------------------------------
3. ---------------------------------------------------------------------------------
4. ---------------------------------------------------------------------------------
5. ---------------------------------------------------------------------------------
6. Christine provided the following information for the month of January 2021.

**Sh**.

Stock as at 1/1/21 20,000

Stock as at 31/1/21 30,000

Purchases 50,000

Margin 20%

Prepare her trading account for the period ended 31st January 2021. (4mks)

1. State four reasons for cost push inflation. (4mks)
2. -----------------------------------------------------------------------------------
3. -----------------------------------------------------------------------------------
4. -----------------------------------------------------------------------------------
5. -----------------------------------------------------------------------------------
6. State the line of communication involved in each of the following. (4mks)
7. The manager of EFG company Ltd talking to the manager of XYZ company Ltd.

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1. A secretary asking for time off from her boss --------------------
2. The production manager giving instructions to the secretary of the sales manager

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1. The store keeper giving explanations to the chief accountant ---------------------
2. State four elements of the economic environment that may influence the operations of a business. (4mks)
3. -------------------------------------------------------------------------------
4. -------------------------------------------------------------------------------
5. -------------------------------------------------------------------------------
6. -------------------------------------------------------------------------------
7. Highlight four benefits that accrues to a trader who advertises goods using a radio. (4mks)
8. --------------------------------------------------------------------------------
9. --------------------------------------------------------------------------------
10. --------------------------------------------------------------------------------
11. --------------------------------------------------------------------------------
12. Achieng owned a motor vehicle valued at Sh. 1,000,000. She comprehensively insured the car at Sh. 300,000. The motor vehicle was involved in an accident and declared a write off. Calculate the amount Achieng should get from the insurer. (4mks)
13. ----------------------------------------------------------------------------------------------
14. ----------------------------------------------------------------------------------------------
15. ----------------------------------------------------------------------------------------------
16. ----------------------------------------------------------------------------------------------