

FORM 4 END TERM 1 EXAMS BUSINESS

Class of KCSE March 2022.

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565/1 BUSINESS STUDIES

PAPER ONE

END TERM 1

TIME: 2HRS

Kenya Certificate of Secondary Education

INSTRUCTIONS

1. Answer all the questions in the spaces provided

SECTION A

1. State **four** external factors that may positively influence the operations of a business

(4mks)

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

2. Outline **four** circumstances under which producers may prefer to sell goods directly to the consumers.

(4mks)

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

3. Name four ways through which consumers can be cheated in their dealings with traders

(4mks)

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

4. The following information relates to Tamu Traders for the year ended 31st Dec. 2011

	Sh
Fixed Assets	5,000,000
Current Assets	650,000
Net profit	300,000
Current liabilities	650,000
Sales	2,000,000
Closing stock	100,000
Opening stock	200,000
Gross profit margin	20%

Calculate;

(4mks)

- a) Current ratio
- b) Gross profit mark up
- c) Rate of stock turn over
- d) Capital employed.

5. Outline **four** circumstances under which a credit note may be issued. (4mks)

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

6. The equation given below relate to quantity demanded and the quantity supplied at equilibrium price.

$$Q_{de} = 4P + 50$$

$$Q_{se} = 8P + 30$$

Determine the equilibrium price and quantity (4mks)

7. Kendi started a shop dealing in ladies clothing but failed after two years. Outline four factors that many have caused this failure (4mks)

- i)

- ii).....
- iii).....
- iv).....

8. Name the type of warehouse described below

Statement	Type of warehouse
a) Goods can be stored before payment of custom duties	
b) Individuals can hire storage facilities	
c) Goods are stored from several manufacturers	
d) Specialised goods are stored	

9. State **four** ways in which the nature of goods would influence the choice of transport

(4mks)

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

10. Outline any **four** circumstances under which human wants may be fully satisfied (4mks)

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

11. Highlight **four** ways in which business studies is useful to a community

(4mks)

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

12. State the books of original entry in which the following documents are used.

(4mks)

- a) Incoming invoice
- b) Incoming receipt
- c) Outgoing credit note
- d) Outgoing invoice

13. State the type of ledger into which the following accounts would be found.

(4mks)

Account	Relevant ledger
a) Capital	

- b) Mueni (debtor)
- c) Kariuki (supplier)
- d) Bank

14. Outline any **four** advantages of operating in an open office layout. (4mks)

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

15. George operates a petrol station in Nakuru. He insured his stock worth Ksh 2.4 million for ksh 2 million. Later in the year stock worth ksh 600,000 was destroyed by fire. Calculate the amount he was compensated and give a reason. (4mks)

16. State **four** characteristics of money (4mks)

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

17. Name the rewards for the following factors of production (4mks)

Factor of production	Reward
a) Employee	
b) Machine	
c) Minerals	
d) Farmer	

18. Outline **four** challenges that may be experienced by a country whose population is made up of a large proportion of young people (4mks)

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

19. Highlight any **four** characteristics of perfect competition type of market structure (4mks)

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

20. State the line of communication involved in each of the following. (4mks)

- a) The manager of ABC company Ltd talking to the manager of XYZ company Ltd
.....
- b) A secretary asking for time off from her boss
- c) The production manager giving instructions to the secretary of the sales manager
.....
- d) The store keeper giving explanations to the chief accountant
.....

21. State the effect of each of the following transactions on the balance sheet totals by writing increase or decrease or no effect in each case. (4mks)

Transaction	Effect
a) Bought machinery on credit	
b) Withdrew cash from the bus for personal use	
c) Purchased stock in cash	
d) Paid outstanding loan by cheque	

22. Outline the assumptions that the circular flow of income in a closed economy work under (4mks)

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

iv).....

23. The following balances were extracted from the books of Wanji traders for the year ended 30th June 2005. (4mks)

	Sh
Debtor	120,000
Creditor	60,000
Machinery	450,000
Cash in hand	70,000
Cash at bank	180,000
5 years bank loan	270,000
Stock	60,000

Prepare a balance sheet of Wanji traders as at 30th June 2005.

24. Outline **four** reasons for maintaining a cash book in a business enterprise. (4mks)

i)

ii).....

iii).....

iv).....

25. Highlight **four** factors that should be considered when choosing a method of promoting a product. (4mks)

i)

ii).....

iii).....

iv).....

565/2 BUSINESS STUDIES

PAPER TWO

END TERM 1

TIME: 2½HRS

Kenya Certificate of Secondary Education

INSTRUCTIONS

1. Answer any **FIVE** questions in the foolscaps provided

1. a) Outline any five differences between private limited liability company and public limited liability company. (10mks)
- b) Describe five accounting documents used in home trade. (10mks)

2. a) The table below shows the demand and supply schedules for product A in a week.

Price(sh)	Quantity demanded (‘000’ tonnes)	Quantity supplied (‘000’ tonnes)
35	5	80
30	10	65
25	20	55
20	25	40
15	30	35
10	40	20
5	55	5

Use the information in the table above, draw the demand and supply curve showing the market equilibrium for the produce. (10mk)

b) Explain five benefits that a firm may enjoy by preparing a business plan. (10mks)

3. a) Traders are required to observe ethical practices when carrying out product promotion. Explain five reasons for observing such ethical practices (10mks)

b) Explain five benefits that may be realized by a country as a result of government policy to relocate Industries to rural areas. (10mks)

4. a) Outline any five factors to consider while locating a ware house. (10mks)

b) On 1stSeptember 2015, Miriam had sh 55,000 in hand and sh. 250,000 in bank. During the month the following transactions took place.

Sep 2: Cash sales banked sh 35,260

- Sep 3: Bought ribbons in cash sh 4,500
- Sep 8: Paid Wangila, a creditor sh 94,000 by cheque in full settlement of his account after deduction 6% cash discount.
- Sep 12: Received a cheque for sh 58,800 from Wetu after allowing her cash discount of sh 1,200
- Sep 15: Paid salaries of sh 34,000 in cash
- Sep 25: Withdrew sh 50,000 from bank for office use.
- Sep 28: Anyango a debtor paid her account of sh 75,000 by cheque less 10% cash discount.
- Sept 30: Deposited all the cash into the bank except sh 13,700

Prepare a three column cash book and balance it off. (10mks)

5. a) Explain any five uses of National Income Statistics (10mks)

b) The following trial balance related to Tai Traders as at 31st December 2014

TAI TRADERS
TRIAL BALANCE
AS AT 31ST DECEMBER 2014

Details	Dr (Ksh)	Cr(Ksh)
Stock	10,000	
Bank	3,500	
Purchases	15,000	
Sales		28,000
Returns	800	1,100
Rent		580
Insurance	950	
Creditor		450
Carriage in	1,200	
Discounts	300	1,620
	31,750	31,750

Additional information

- Closing stock was valued at Ksh 2,500
- Carriage out was Ksh 1,200

Required: Prepare trading profit and loss account. (10mks)

6. a) Explain any five reasons why one would prefer to transport goods on road than rail. (10mks)

b) On 1st January 1993 Makena started a business with sh 120,000 cash and sh 300,000 in the bank.

The following transactions were done in the month of January 1993.

January 3: Bought goods worth sh 60,000 by cheque
January 10: Sold goods worth sh 35,000 cash
January 14: Bought goods worth sh 90,000 cash from Odera
January 18: Paid wages sh 18,000 by cash
January 20: Withdrew sh 40,000 from bank for office use.

Required;

Record the above transactions in the relevant ledger account, balance them off and extract a trial balance. (10mks)