

BUSINESS STUDIES QUESTIONS

565/1
BUSINESS STUDIES
PAPER 1
MARCH /APRIL 2017

FORM 4

1. Explain the following a used in the satisfaction of human wants. (4 marks)

- a) Utility
- b) Producer goods
- c) Scarcity and choice
- d) Scale of preferences

2. Outline four factors that may account for predominant direct production in a country (4marks)

Shares	Debentures
a)	
b)	
c)	
d)	

3. Differentiate between shares and Debentures (4 marks)

- a)
- b)
- c)
- d)

4. State four Factors to consider while choosing location of a business.

- a)
- b)
- c)
- d)

5. The following information was obtained from the books of JASHO TRADERS at the end of a trading period

	Ksh
Opening stock	65,000
Sales	300,000
Purchases	180,000
Sales Returns	5,000
Closing stock	42,000

Calculate the gross loss of the business.

6. List four functions of the Kenya Bureau of Standards (KEBS) (4 marks)

- a)
- b)
- c)
- d)

7. State four (4) factors that limit the number of entrepreneurs in an area. (4 marks)

- a)

- b)
- c)
- d)

8. The following information was found in the books of Joy Traders

Output	Total cost	Average cost	Marginal cost
0	55		
1	70		
2	82		
3	87		
4	92		

Complete the columns for average cost and marginal cost.

9. Outline four (4) reasons why inland water transport is not popular as means of transportation in Kenya
- a)
 - b)
 - c)
 - d)
10. Organizing is a major function in business management. Highlight four benefits of organizing that an entrepreneur will enjoy (4 marks)
- a)
 - b)
 - c)
 - d)
11. Highlight four circumstances under which firm may acquire oligopoly power (4 marks)
- a)
 - b)
 - c)
 - d)
12. Outline four important uses of measuring national income in a country (4 marks)
13. Ananda sita intends to set up a modern University in Eldoret. Outline four factors that will influence her choice of office layout (4 marks)
14. Give four ways in which consumers may benefit when producers compete in product promotion. (4 marks)
- a)
 - b)
 - c)
 - d)
15. The following details were extracted from the books of Omino enterprises for the year ended 31st Dec. 2009.

	Ksh
Opening capital	105,000
Capital introduced	15,000
Drawings	6,000

Closing capital 135,000
Determine the profit or loss for the year

16. In the table, fill in by stating whether each of the following transaction will increase, decrease or have no effect on the capital of the business.

Transaction	Effects on capital
The business made profit Bought stock of good Withdrawal of stock for own use. Paid creditors by giving up an old machine	

17. State four main cooperative principles. (4 marks)

- a)
- b)
- c)
- d)

18. List four documents used in home trade at the order stage. (4 marks)

- a)
- b)
- c)
- d)

19. Mamati has just taken a whole life policy and is complaining that his premiums are very high. Outline four reason why the premium may be high. (4 marks)

20. Highlight four (4) disadvantages of an ageing population. (4 marks)

- a)
- b)
- c)
- d)

21. Highlight four benefits that may accrue to an organization that practices effective communication. (4 marks)

- a)
- b)
- c)
- d)

22. State four advantages of bonded warehouse to the government. (4 marks)

- a)
- b)
- c)
- d)

23. Identify the factors can cause an increase in the demand of a product. (4 marks)

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24. The following are some of the source documents used in business.

- I. Credit note received Invoice
- II. Credit note issued
- III. Cash sale slip

Match each of the following books of original entry with relevant source document (4 marks)

Books of original entry	Source of document
a) Cash book	
b) Sales day book	
c) Returns inwards daybook	
d) Returns outward daybook	

25. Highlight four services that the Central Bank of Bank of Kenya may offer as a banker top commercial banks. (4 marks)

- a)
- b)
- c)
- d)