**COUNTY LINK GROUP**

**COMMON EXAMINATION**

**END OF TERM II FORM 4 -2017**

**NAME ……………………………………………………… ADM NO…………………………………**

**SCHOOL …………………………………………………… .SIGN …………………………………...**

**DATE…………………………………………………………………………………………………….**

**BUSINESS STUDIES**

**JULY 2017**

**PAPER 565/1**

**2HOURS**

**Instructions to candidates:**

* Write yours name and index number in the space provided above .
* Sign and write the date of examination in the space provided above.
* Answer all the questions
* All questions should be written in the space provided in this booklet
* This paper consists of 9 printed pages
* Candidates should confirm whether all the 25 questions are printed
* Candidates should answer the questions in English.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Questions  | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Marks  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Questions  | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| Marks  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |
| --- |
|  |

Total Marks

1. State the types of business activities described in each of the following cases. (4mks)

|  |  |
| --- | --- |
| Description  | Type of business activities  |
| 1. Delivery of goods from sources to market
 |  |
| 1. Building of structures
 |  |
| 1. Improving from utility of good without combining with other goods.
 |  |
| 1. Obtaining free goods from their setting
 |  |

1. State four gaps an entrepreneur may find existing in a market. ( 4mks)

(i)

(ii)

(iii)

(iv)

1. Outline four advantages of in indirect production in an economy (4mks)

(i)

(ii)

(iii)

(iv)

1. Briefly explain each of the following terms as used in satisfaction of human wants (4mks)
2. Opportunity cost
3. Economic resources
4. Outline four factors one may consider in choice of a means for producing documents (4mks)

(i)

(ii)

(iii)

(iv)

1. State four advantages Naivas enjoys by operating as a chain store. (4mks)

(i)

(ii)

(iii)

(iv)

1. Mention four disadvantages of selling products on credit. (4mks0

(i)

(ii)

(iii)

(iv)

1. State the home trade document suitable for use in each of the following circumstances (4mks)

|  |  |
| --- | --- |
| Circumstance  | Home trade document  |
| 1. When describing specific items enquired about
 |  |
| 1. When correcting an undercharge made in an invoice
 |  |
| 1. When requesting for payment before goods are delivered.
 |  |
| 1. When giving a monthly summary of transactions carried out.
 |  |

1. With the aid of a well labeled diagram, illustrate the equilibrium price and quantity of a product. (4mks)
2. State four problems encountered in estimating national income through the expenditure approach (4mks)

(i)

(ii)

(iii)

(iv)

1. Outline four circumstance under which a firm is located near source of raw materials (4mks)

(i)

(ii)

(iii)

(iv)

1. State four sources of capital common to co-operatives and limited liability companies (4mks)

(i)

(ii)

(iii)

(iv)

1. Outline four benefits of availing public utilities in a country (4mks)

(i)

(ii)

(iii)

(iv)

1. Outline four measures the government has undertaken to improve road transport in Kenya (4mks)

(i)

(ii)

(iii)

(iv)

1. List four popular electronic devices used for communication in Kenya (4mks)

(i)

(ii)

(iii)

(iv)

1. What four benefits does the government derive form bonded warehouses? (4mks)

(i)

(ii)

(iii)

(iv)

1. State the insurance principles described in each of the following cases : (4mks)

|  |  |
| --- | --- |
| Description  | Insurance principle  |
| 1. Compensation for property lost should not be profitable to the insured.
 |  |
| 1. Compensation is only made if risk insured and loss suffered are closely related.
 |  |
| 1. The insurer assumes ownership of scrap of property destroyed if total loss is suffered
 |  |
| 1. Insurers jointly indemnify the insured whom they had co-insured
 |  |

1. State four types of advertising a firm may carry out.( 4mks)

(i)

(ii)

(iii)

(iv)

1. Indentify the book of original entry used in recording each of the following transactions of Bidii Traders (4mks)

|  |  |
| --- | --- |
| Transactions  | Book of original entry  |
| 1. Sold goods on credit to Mindu for sh. 20,000
 |  |
| 1. Bought goods on credit form Juma for sh.10,000
 |  |
| 1. Wafula returned goods worth Ksh. 6,000
 |  |
| 1. Bidii returned goods worth Ksh. 1,100 to Nzomo traders
 |  |

1. Kabati Mini butchery had the following transactions

Jan/2016: Started the business with Ksh. 750,000 in Bank and Ksh. 150,000 in cash.

Jan 3/2016 Bought stock at Ksh. 95,000.

Jan 5, 2016 : sold stock valued Ksh. 40,000 at Ksh. 85,000 in each.

Prepare a balance sheet as at 5th . January 2016 (5mks)

1. Kitui ICT Garden traders had the following information for the year ended 31/12/2014

|  |  |
| --- | --- |
| Item | Amount in Ksh.  |
| Stock (11/2014) | 220,000 |
| Stock (31/12/2014) | 180,000 |
| Net sales  | 1,400,000 |

If the rate of stock turn over was 4 times, determine:

1. Cost of sales (2mks)
2. Gross profit (2mks)
3. Sate four causes of cost push inflation (4mks)

(i)

(ii)

(iii)

(iv)

1. Indentify the stock account in which each of the following transactions in recorded. (4mks)

|  |  |
| --- | --- |
| Transaction  | Stock account  |
| 1. Buying business stock
 |  |
| 1. Selling business stock
 |  |
| 1. Stock returned to suppliers
 |  |
| 1. Stock returned by customers
 |  |

1. Outline four factors that many hinder development in a country (4mks)

(i)

(ii)

(iii)

(iv)

1. The two column cash book below was extracted from books of Fanaka Traders

Fanaka Traders

Cash book for January 2016

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date  | Details  | F  | Cash  | Bank  | Date  | Details  | F  | Cash  | Bank  |
| 2106Jan 1Jan 2Jan 6 | BalanceBank Sales  | Bld(C) | 120,00080,000 | 350,000100,000 | 2016Jan 2Jan 5 | CashPurchases  | (C ) | 40,000 | 80,000 |

Describe transactions which took place in the following dates:

1. Jan .1:
2. Jan 2:
3. Jan 6