**MURANG’A HIGH SCHOOL**

**BUSINESS STUDIES FORM 4 C.A.T. 1 - 2016**

**NAME:………………………………………….ADM.NO…………CLASS………..CL.NO……**

**Answer all the questions given:-**

1. State **three** injections into the circular flow of income. (3 marks)

(a) …………………………………………………………………………………………………………

(b) …………………………………………………………………………………………………………

(c) …………………………………………………………………………………………………………

2. Outline **four** problems encountered in the measurement of national income using the expenditure approach. (4 marks)

(a) …………………………………………………………………………………………………………

(b) …………………………………………………………………………………………………………

(c) …………………………………………………………………………………………………………

(d) …………………………………………………………………………………………………………

3. State **five** features of chain stores. (5 marks)

(a) …………………………………………………………………………………………………………

(b) …………………………………………………………………………………………………………

(c) …………………………………………………………………………………………………………

(d) …………………………………………………………………………………………………………

(e) …………………………………………………………………………………………………………

4. Outline **four** characteristics of itinerant traders. (4 marks)

(a) …………………………………………………………………………………………………………

(b) …………………………………………………………………………………………………………

(c) …………………………………………………………………………………………………………

(d) …………………………………………………………………………………………………………

5. Give **four** reasons why its important for staff of an organisation to observe office etiquette

(4 marks)

(a) …………………………………………………………………………………………………………

(b) …………………………………………………………………………………………………………

(c) …………………………………………………………………………………………………………

(d) …………………………………………………………………………………………………………

6. State **four** banking services that the central bank of Kenya provide to the government.

(4 marks)

(a) …………………………………………………………………………………………………………

(b) …………………………………………………………………………………………………………

(c) …………………………………………………………………………………………………………

(d) …………………………………………………………………………………………………………

7. Outline **four** reasons why governments levy taxes. (4 marks)

(a) …………………………………………………………………………………………………………

(b) …………………………………………………………………………………………………………

(c) …………………………………………………………………………………………………………

(d) …………………………………………………………………………………………………………

8. Record the following transactions in a two column cash book (4 marks)

2008

January 1 Started business with sh. 20,000 cash and sh. 30,000 at bank

2 Bought stock in cash sh. 6,000

3 Cash sales sh. 15,000

5 Bought stock worth sh. 6000 on credit

12 Withdrew cash from bank for office use sh. 4,000

15 Banked all the cash

9. Charles started business on 1st January 2013 with capital of sh. 100,000 in cash. The following transactions took place during January 2013.

1. Bought land for sh. 50,000 cash
2. Bought Buildings for sh. 20,000, paid sh. 3,000 cash and the balance after two months.
3. Opened a bank account by depositing sh. 10,000 from cash.
4. Bought stock of goods worth sh. 5,000 on credit from Koech Traders.

Prepare a balance sheet as at 31st January 2013 after all the transactions took place.

(4 marks)

10. State **four** reasons why the government issues a licence before a business can start its operations. (4 marks)

(a) …………………………………………………………………………………………………………

(b) …………………………………………………………………………………………………………

(c) …………………………………………………………………………………………………………

(d) …………………………………………………………………………………………………………

11. Describe **five** ways in which commercial banks differ from non-bank financial institutions.

(10 marks)