

BUSINESS STUDIES  
PAPER ONE 565/1  
TIME 2 HOURS

**SCHOOL BASED FORM FOUR EXAMS**  
**JULY – AUGUST 2017**

**INSTRUCTIONS TO ALL CANDIDATES**

- (i) Answer all questions in the space provided in English

**Answer All Questions In The Spaces Provided**

1. State the level of production that each of the following activities belong (4mks)

Activity	Production level
(a) Harvesting sand (b) Marking exams (c) Welding work (d) Oil Retailing	

2. Outline **four** government activities aimed at attracting foreign investment (4mks)

- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

3. State **four** circumstances under which a firm may be located near a raw material source (4mks)

- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

4. Highlight **four** measures which government may use to control demand pull inflation (4mks)

- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

5. For each of the following transactions. State the account to be debited and the account to be credited (4mks)

Transaction	A/c to be debited	A/c to be credited
(i) Cash deposited in business Bank account		
(ii) Owner withdrew cash for personal use		
(iii) Purchase of goods on credit		
(iv) Purchase of furniture by cheque		

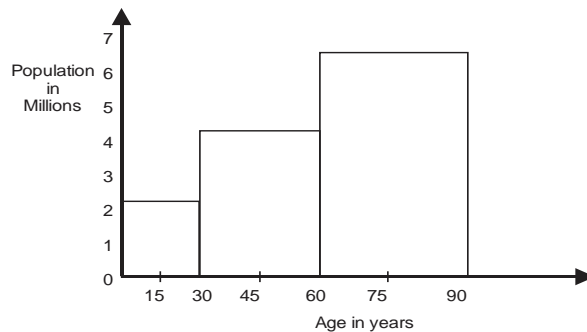
6. Outline **four** drawbacks that accrue to a society that practice subsistence production (4mks)

- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

7. Differentiate between a partnership and a co-operative society (4mks)

- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

8. The diagram below shows a population pyramid for a certain country



Give **four** challenges facing this country

(4mks)

- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

9 The following relates to Joy Traders for the year ended 31<sup>st</sup> December 2008

Cost of goods sold	Shs. 225,000
Mark –up	25%
Drawings	Shs 25,000
Expenses	Shs 13,000
Capital as at 31 <sup>st</sup> December 2008	Shs. 520,000
Additional Investment	Shs. 80,000

Determine Capital as at 1<sup>st</sup> January 2008

(4mks)

10. Give **four** benefits that are likely to result from the new standard Gauge Railway line in Kenya

(4mks)

- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

11. Highlight **four** characteristics that are unique to basic human wants

(4mks)

- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

12. List **four** characteristics of money **(4mks)**
- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

13. Outline **four** reasons for maintaining a trial balance **(4mks)**
- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

14. State **four** measures that a trader should take to ensure smooth functioning of his private warehouse **(4mks)**
- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

15. The following balances of assets and liabilities were provided by Tana Traders as on 31<sup>st</sup> December 2008

Bank overdraft	80,000
Land	200,000
Accrued Electricity	50,000
Stock	10,000
Debtors	20,000

The business had drawings amounting to shs. 20,000 during the year . Prepare a balance sheet to determine the networth of the business at the start of the trading year **(4mks)**

- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

16. Outline **four** benefits of sharing office machines **(4mks)**
- (i) .....
  - (ii) .....
  - (ii) .....
  - (iv) .....

17. Using a diagram , Illustrate how a decrease in supply occurs due to change in price

18. Give **four** reasons why taxation is desirable in a country **(4mks)**
- (i) .....
  - (ii) .....
  - (ii) .....
  - (iv) .....

19. Describe **three** channels that can be used to distribute coffee from Kenya to a consumer in USA **(4mks)**
- (i) .....
  - (ii) .....
  - (ii) .....
  - (iv) .....

20. Highlight **four** reasons that have prompted Kenya to be an active member of regional trade bloc's such as ( Comesa ) **(4mks)**

(i) .....

(ii) .....

(ii) .....

(iv) .....

21. Highlight **four** ways in which the county government has contributed to economic development in the country **(4mks)**

(i) .....

(ii) .....

(ii) .....

(iv) .....

22. The following transactions relate to Robbin Traders for the month of October 2008 .

Oct 2: Sold goods for shs. 25,000 cash

Oct 3: Received a cheque for shs. 39,000 from Kiplangat , a debtor after allowing a cash discount of shs. 2,000

Oct 10: Received shs. 19,600 cash from Kariuki a debtor after allowing him a 2% cash discount

Oct 12: Deposited shs. 9,000 cash to Bank

Enter the above transactions in the cash receipt Journal of Robbin Traders

23 Highlight **four** barriers associated with written communication (4mks)

- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

24. Outline **four** circumstances under which deferred payment may be appropriate to the seller (4mks)

- (i) .....
- (ii) .....
- (ii) .....
- (iv) .....

25. Give **four** reasons why a firm may not realize any benefits from free publicity (4mks)

- i) .....
- (ii) .....
- (ii) .....
- (iv) .....