**BUSINESS STUDIES FORM FOUR END OF TERM 2 2019.**

**565/1**

**PAPER 1**

Name……………………………………………………………..Index number…………………………………………………….. Date ……………………………………………………………. 2 Hours Signature………………………………………………………

**Instructions to the candidate:**

1. Write your name and index number in the spaces provided above.
2. Sign and write date of examination in the spaces provided above.
3. Answer all questions.
4. All answers should be written in the spaces provided in this booklet.
5. Candidate should answer questions in English.

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TOTAL MARKS

1. Identify the type of wholesalers described in the statements given below: (4 Marks)

1. A wholesaler who trades in maize grain only ………………………………………………………………………………………………………………………………………
2. A wholesaler who supplies goods to most of the traders in kitui,mbooni and machakos districts in the eastern part of Kenya …………………………………………………………………………………………………………………………………………
3. A wholesaler who buys tomatoes from farmers in rural areas and sells the same to other wholesalers in urban areas. …………………………………………………………………………………………………………………………………………
4. A wholesaler who trades in a wide variety of human medicine …………………………………………………………………………………………………………………………………………

2. Outline **four** factors that should be considered before buying office equipment. (4 Marks)

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3. Outline **four** malpractices by traders against which consumers may need protection by the government. (4 Marks)

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4. State **three** features of an insurable interest. (3 Marks)

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5. Outline **four** ways of reducing the level of unemployment in Kenya. (4 Marks)

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6. State **four** services offered by a commercial banks to its consumers. (4 Marks)

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7. List **four** sources of public finance. (4 Marks)

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8. Outline **four** reasons why countries may trade with each other (4 Marks)

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9. State **four** reasons why economic development is desirable to a country. (4 Marks)

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10. Indicate the rewards associated with each of the factors of production in the table below. (4 Marks)

|  |  |  |
| --- | --- | --- |
|  | Factor of production | Rewards |
| (a) | Lake |  |
| (b) | Driver |  |
| (c) | Shareholder |  |
| (d) | Tractor |  |

11. Outline circumstances under which a co-operative society may be dissolved. (4 Marks)

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12. Highlight **four** features of a bonded warehouse. (4 Marks)

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13.Outline **four** factors that may be considered when measuring the size of a firm. (4 Marks)

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14. The following transactions were extracted from the books of Sarah traders for the month of March 2006.

March 10: Purchased goods on credit worth Ksh 200,000 from salim traders

March25: Sold goods on credit worth Ksh 420,000 to shah traders

Record the above transaction in the ledger accounts below (4 Marks)

(a)Dr. salim traders account Cr.

(b ) Dr. purchase account Cr.

(c) Dr. shah traders account Cr.

(d) Dr. Sales account

15.On 2nd November 2006 ,Oromo received an invoice for Ksh 12,000.terms of payment were trade discount 5% and cash discount 10%,if payment is made within 30 days. Determine the amount paid if payment was made on 28th November 2006. (4 Marks)

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16. The following balances were extracted from the books of Nafula traders as at 31st December 2005.

Ksh

Current liabilities 150,000

Net profit 50,000

Total assets 500,000

2 years bank loan 100,000

Calculate the rate of return on capital. (4 Marks)

17. The information given below was extracted from the books of Amina traders on 31st December 2006

**Ksh**

Purchases 260,000

Opening stock 75,000

Carriage on purchases 12,000

Closing stock 27,000

Goods were sold at a mark-up of 25%

Using the information given above ,prepare Amina traders trading account. (4 Marks)

18 .State **four** benefits that a farmer may get by transporting produce to the market by road. (4 Marks)

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19. The table given below represents the supply schedule of sukumawiki(kales) for eight weeks in the month of January and February 2009

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **WEEK** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
| **QUANTITY (METRIC TONES)** | **505** | **485** | **430** | **375** | **340** | **290** | **215** | **195** |

Outline **four** causes of the trend in the table (4 Marks)

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20. Outline **four** ways in which households contribute to National income of a country.

(4 Marks)

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21. Outline **four** circumstances in which a trader may use oral communication. (4 Marks)

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22. Outline **four** reasons why a firm may remain small. (4 Marks)

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23.On 1st January 2007,muthonin traders’ cash book showed a credit balance of Ksh 150,000 at the bank and a debit balance of ksh.25,250 in hand. During the month, the following transactions took place:

January 5: Made cash sales for Ksh 21,500

January 16: Received a cheque for Ksh 360,000 from a debtor

January 28: Paid a creditor ksh.100,000;partly by cheque of ksh80,000 and the balance in cash.

Prepare a two-column cash book for the month. (5 Marks)

24. State **four** benefits that a trader may get by advertising products in a newspaper.(4 Marks)

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25. Highlight **four** advantages of an enclosed office layout. (4 Marks)

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