**KOIMBI BOYS SECONDARY SCHOOL**

**END-TERM 2 EXAMS 2019**

**FORM 4 BUSINESS STUDIES**

 **PAPER 1**

 **565/1**

 **2 HOURS**

**Name……………………………………. ADM. No………………**

**Class ………………………**

**Instructions to candidates.**

*1. Write your name and index number in the Spaces provided above*

*2. Sign and write the date of examination in the spaces provided above*

*3. Answer all the questions*

*4. All answers should be written in the Spaces provided in this booklet.*

*5. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.*

*6. Candidates should answer the questions in English.*

1. Outline **four** challenges that an office faces when using machines. ( 4 marks )

2. In the space provided, name the type of business organization described. ( 4 marks )

 Description Business type

i) Each member has only one role -

ii) Formed by an act of parliament -

iii) Members are not free to fransfer their shares -

iv) Start operating after receiving certificate -

 of trading.

3. Highlight **four** factors that may cause the supply curve to shift to the right. ( 4 marks )

4. List down **four** transactions that are likely to be recorded in the general journal. ( 4 marks )

5. State **four** circumstances that may lead a trader to decline giving credit facilities to his customer. ( 4 marks )

6. A certain county has been experiencing a decreasing population over the last 20 year. Highlight **four** negative implications that may be associated with this trend. ( 4 marks )

7. Identify the insurance term described by the statement. ( 4 marks )

i) Amount of money refundable to the insured when he terminates the contract prematurely –

ii) A principle demanding that the insured disclose all the relevant facts concerning the subject of insurance -

iii) Event of loss that the insured takes cover against -

iv) Value of the property as given by owner at the time of applying for the cover –

8. Outline **four** ways business observe ethical practices. ( 4 marks )

9. The following balances relates to Koimbi Traders as 1st January 2019

Capital 136,000

Furniture 80,000

Stock 45,000

Creditors 20,000

Bank 26,000

Cash 5,000

On 2nd January, 2019 the following transactions took place:

(i) Purchased a motor van for shs 400,000 on credit from DT motors.

ii) Paid a creditor shs 2,000 in cash

iii) Bought furniture for shs 13,000 by cheque.

Prepare the balance sheet as at 2nd January 2019

10. Outline **four** reasons why a school in Nairobi would prefer to transport six students to Mombasa for music festivals using standard gauge railway (SGR) train rather than a bus.

 ( 4 marks )

11. Highlight **four** measures that government can put in place to restrict imports. ( 4 marks )

12. Highlight **four** reasons why the government trains businessmen. ( 4 marks )

13. For each of the following forms of production, indicate the correct classification in the appropriate column. ( 4 marks )

|  |  |  |  |
| --- | --- | --- | --- |
| Forms of production | Primary | Secondary | Tertiary |
| i | Farming |   |  |  |
| ii | Transportation |  |  |  |
| iii | House building |  |   |  |
| iv | Retailing |  |  |   |

14. State **four** negative effects of long chain of distribution to the buyer. ( 4 marks )

15.Outline **three** features of basic human wants. ( 3 marks )

16. State **four** reasons why short message service (SMS) are replacing letters as a method of communication. ( 4 marks )

17. Outline **four** ways in which the central bank controls the operations of commercial banks.

 ( 4 marks )

18. Outline **four** benefits of running a business. ( 4 marks )

19. Highlight **four** advantages of after sales services as a method of sale promotion to a customer. ( 4 marks )

20. State **four** ways in which households contributes to national income of a country.

 ( 4 marks )

21. Outline **four** methods of controlling cost push inflation. ( 4 marks )

22. Outline **four** features of a public warehouse. ( 4 marks )

23. The following information shows the financial position of Mwalimu Traders as at 1st May ,2018.

Capital 130,000

Cash in hand 40,000

Rent owing 12,000

Furniture 110,000

Debtors 20,000

Stock 60,000

Trade creditors 38,000

Bank overdraft 50,000

Required: Prepare the trial balance for the business. ( 5 marks )

24. List **three** importance of learning Business Studies. ( 3 marks )

25. State whether the following business occurrences will increase or decrease net worth of a business. ( 4 marks )

a) Loss -

b) Additional investment -

c) Drawings -

d) Profits -

 *THE END. ALL THE BEST.*