**NAME............................................................................ INDEX NO................................................**

 **DATE........................................................**

 **SCHOOL ......................................................................... SIGNATURE...........................................**

**565/1**

**BUSINESS STUDIES**

**FORM IV**

**JULY/AUG 2019**

**TIME: 2 HOURS**

**SCHOOL BASED EXAMINATION FORM FOUR JULY - AUGUST 2019**

**KENYA CERTIFICATE OF SECONDARY EDUCATION.**

**FORM IV BUSINESS STUDIES**

 **INSTRUCTIONS TO ALL CANDIDATES:**

(a) Answer ALL the questions

 (b) ALL answers should be written in the spaces provided in this paper

1. Name **four** commercial services which are useful to a manufacturer ***(4mks)***

(i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

2. State **four** reasons that would make an individual engage in business ***(4mks***)

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

3. State **four** ways in which good filling system may facilitate the operation in an office ***(4mks***)

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) ........................................................................................................................................................................

4. State **three** features of insurable interest   ***(4mks)***

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

5. State **four** disadvantages of using internet as a means of communication ***(4mks)***

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

6. Highligt **four** benefit that may be realised when two firms form a merger  ***(4mks)***

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

7. Outline **fou**r factors that an entreprenuer would consider when evaluating a business idea ***(4mks)*** (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

8. Name any **fou**r forms of economic integration that countries may join to promote international trade ***(4mks)***

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

9. In the space provided indicate with a ( √ ) whether each of the following transactions will increase , decrease or have no effect on the balance sheet totals ***(4mks)***

 **Transactions Increase Decrease No effect**

(a) Buying stock in cash

(b) Depositing extra cash into business account

(c) Drawing cash for personal use

(d) Buying stock on credit

10. Outline **four** benefits that consumer get from warehouseing ***(4mks)***

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

11. State **four** services offered by commercial bank to its customers ***(4mks)***

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

12. Highlight **four** factors that a trader may consider when choosing a means of transport

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

13.Give **four** assumptions that are associated with perfect competition market ***(4mks)***

(i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

14. Outline **four** reasons why development plan is important to a country ***(4mks)***

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

15. Highlight **four** difficulties faced in satisfaction of human wants ***(4mks)***

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

16. State **four** advantages of operating partnership form of business ***(4mks)***

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

17. The following transactions relates to Kariko trader for the month of January 2016

 Jan 1 2016 - Started a business with sh. 25000 cash

 Jan 13 - Deposited sh. 20 000 from cash till into business bank account

 Jan 18 - Bought goods on credit from Waweru traders for shs. 11000

 Jan 24 - Bought furniture by cheque shs 10,000

 Jan 31st - Sold goods on credit worth sh 3000 to Mwangi traders

 ***Required :***

 Prepare a balance sheet as at January 31st 2016 ***(4mks)***

18. Outline **four** negative effects of inflation ***(4mks)***

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

19. Highlight **four** reasons that may cause demand curve shift to the right ***(4mks)*** (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) .......................................................................................................................................................................

20. State **four** major causes of unemployment in a country ***(4mks)***

 (i) .........................................................................................................................................................................

 (ii) ........................................................................................................................................................................

 (iii) .......................................................................................................................................................................

 (iv) ......................................................................................................................................................................

21. The following information relates to Jamumo Traders .

 Stock as at January 1 2017 - shs. 30000

 Stock as at Dec 31st 2017 - shs 50000

 Purchasers - 400,000

 Mark up - 20 %

 Calculate the sales for the year  ***(4mks)***

22. The following is two column cash book relating to Kibe Traders



 a) State the transaction on

 (i) 1st January 2016

 .......................................................................................................................................................................

 (ii) 10th January 2016

 .......................................................................................................................................................................

 (iii) Determine the balances as at 10th Jan 2017 ***(5mks)***

.......................................................................................................................................................................

23. For each of the following types of Accounts indicate by writing Dr or Cr for increase or decrease of the

 Accounts  ***(4mks)*** Type of Account Increase Decrease

 (a) Asset

 (b) Sales

 (c) Purchases

 (d) Capital

24. Outline **four** benefits to a trader who operates a small retail outlet ***(4mks)***

 (i) .................................................................................................................................................................

 (ii) ................................................................................................................................................................

 (iii) ................................................................................................................................................................

 (iv) ................................................................................................................................................................

25. Highlight **four** challenges facing consumer association in Kenya ***(4mks)***

 (i) .................................................................................................................................................................

 (ii) ................................................................................................................................................................

 (iii) ................................................................................................................................................................

 (iv) ................................................................................................................................................................

**SCHOOL BASED EXAMINATION FORM FOUR JULY - AUGUST 2019**

**BUSINESS STUDIES PAPER 1 565/1 FORM 4 MARKING SCHEME**

1 ***Commercial services***

- Transport

- Banking

- Communication

- Insurance

- Advertisement

- Warehousing  ***4x 1 = 4mks***

2.***Reasons for enganging in business***

 - Provision of goods and services

- Employment

- Explotation of resources

- To earn income/profit

- Self reliance /own boss

- Explotation of creativity

- Make use of spare time

- Prestige

- Take advantage of government initiative e.g loans

  ***4x 1 = 4mks***

3. ***Easy retrieval of information***

 - Office is kept tidy

- Security of documents

- Facilitates quick decision making

- Ensure confidentiality

- Protects from damage

- Saves space

- Information is preserved for future reference

  ***4x 1 = 4mks***

4. ***Features***

*-* Presence of property rights/ownership

- Potential risk must happen

- Property must have monetary value

-Insurable risk must be legal

- There must be possibility of suffering financial loss

- Appear to both life /property / general insurance

 ***3x 1 = 4mks***

5 - Expensive to buy / acquire the hardware

 - Expensive to access

 - Requires skills and knowledge to operate

 - Computer virus

 - Limited inter connectivity

 - Affected by power failure

 - Network overload

 - Prone to attack / fraud /hackers

 High maintainanc cost  ***4x 1 = 4mks***

6. - Increase in the volume of output

-Increases control over supplies

- Increases customers/market

-Access to larger capital

- Reduced cost of operation

- Increase ability to control prices of the product

- Ability to employ more qualified persons

- Increase in quality of output

- Combined talents and skills

- Eliminate uhealthy competition ***(4mks)***

7 The profit margin to be earned

- Existing attitudes / or beliefs of the target market

- Appropriate technology

- Size/availability of market

- Government policy

- Channel of distribution

- Level of competition

- Adequate capital

- Risks involved

- Management skills

- Payback period ***4x 1 = 4mks***

8.(i) Common market

(ii) Economic union

(iii) Custom union

iv) Free trade area

(v) Preferential trade area

(v) Political union / Agreement (4mks)

9.

 

 ***4x 1 = 4mks***

10. - Helps to improve quality of goods

 - Ensure steady supply of goods

 -Preparation of goods for sale

 - Stability in prices of goods

 - Creates the utility

 - Enables breaking bulk

 - Provides security of goods- to avoid theft

 - Provides safety of goods- to avoid damage

 - Enables goods to be inspected

 - Availability of seasonly demanded goods ***4x 1 = 4mks***

11. Accepting deposits

- Custodian of valuable items

- Lending of money / gives loans

- Act as referee

- Act as trustee

- Business advisory services

- Facilitates exchange of money

- Agent of stock exchange market

 ***4x 1 = 4mks***

**12 *Nature of the goods***

 - Distance

- Safety / security

- Flexibility

- Reliability

- Terminers

- Availability of transport

- Cost of transport

 ***4x 1 = 4mks***

13.- Large number of buyers and sellers

 - No excess demand and supply

 - Free exit and early to the market

 - No government interfearance

 - Homogeaous / identical products

 - No transport cost

 - Perfect mobility of factors of production

 - Unformity of buyers and sellers

  ***4x 1 = 4mks***

14. - To ensure a balanced regional development

- Proper allocation of resources

- To stimuate effort

-To reduce income inequalities

-To reduce unemployment

- To initiate long term projects

- To obtain additional fundings

- To evaluate and appraise projects - To obtain additional findings

- To evaluate and appraise projects ***4x 1 = 4mks***

15. - Scarcity of goods and services / Limited

 resource

- High prices of goods

- Low income /poverty / unemployment

- Poor health of individuals

- Political instability

- Some wants are habit forming

- Recurring wants

- Unlimited needs / wide variety  ***4x 1 = 4mks***

16.There is possibility of raising more capital

- Bring in different talents and skills

- Losses are shared

- Better decision making

- Few legal formalities to start

- Shares duties ***4x 1 = 4mks***

17. Mr. Kariko

 Balance sheet

 As at 30th Jan 2016

 Furniture 10000 Capital 25000

 Bank 10000 Creditors 11000

 Cash 5000

 Debtors 3000

 Stock 8000

 36000 36000

 ***8x 1/2 = 4m***

18.- People lose confidence in money

- Unfair distribution of income in the economy

- Declined savings

- Industrial / civil unrest

- Low standards of living

- Emegence of black market in the country

 ***4x 1 = 4mks***

19.- Increase in income

 - Favourable tastes and preference

 - Increase in population

 - Favourable government policy

 - Favourable seasonal changes

 -Decrease in price complementary

 - Increase in price of substances

 - Favourable terms of sales

 - Future expectation of increase in prices

 ***4x 1 = 4mks***

20.***Causes of unemployment***

- Rapid population growth rate

- In appropriate education system

- Seasonality to production

- Rural urban migration

- High cost of production

- In adequate factors of production

- In appropriate technology ***4x 1 = 4mks***

21.

Cost of goods sold = Opening stock + Purchases - Closing stock

 = 30 000 + 400000- 50000= 380,000

 Mark up = G.P =

 Cgs

 20 - 1 = G.P

 100 5 380000

 GP = 380 000 = 76000

 5

 Sales = G.P + Cgs

 = 76000 + 380 000

 = 456 000  ***8x 1/2 = 4mks***

22.a (i) Kibe had cash balance of shs. 25000

 Bank overdraft shs 4 0000

 (ii) Deposited shs 63000 in the bank account from

 his cash till contra entry

 (iii) Bal c/d cash .................. 34 000

 Bank ................ 23 000

 ( 1 x 5 = 5mks)

 23. Increase Decrease

 a Dr Cr

 b Cr Dr

 c Dr Cr

 d Cr Dr

 ***8x 1/2 = 4mks***

24.- Needs small capital to start

 - Give personal attention to customers

 - Flexible

 - Easy to manage

 - Few legal requirements

 - Enjoy profit alone

 - Easy to start

 - He is his own boss

 - Cheap labour / family labour ***4x 1 = 4mks***

25.- Inadequate finance

 - Consumers are unware of the existence of such associations

 - Lack of consumer education/ not aware of their rights

 - Consumer apathy/ unwilling to join the associations

 - Un qualified personnel

 - Lack of government support ***4x 1 = 4mks***

 **NAME............................................................................ INDEX NO................................................**

 **DATE........................................................**

 **SCHOOL ......................................................................... SIGNATURE...........................................**

**565/2**

**BUSINESS STUDIES**

**FORM IV**

**JULY/AUG 2019**

**TIME: 21/2 HOURS**

**SCHOOL BASED EXAMINATION FORM FOUR JULY - AUGUST 2019**

**KENYA CERTIFICATE OF SECONDARY EDUCATION.**

**FORM IV BUSINESS STUDIES**

 **INSTRUCTIONS TO ALL CANDIDATES:**

(a) This paper consist of six questions

 (b) Answer any FIVE questions

 (c) ALL questions carry equal marks

1 (a). Kenya has experienced alot of loses through road carnage. Explain **five** measures the government has

 taken to reduce further loss of lives ***(4mks)***

(b). The table below represents demand and supply schedule of bread of different prices in Kibingoti town for the month of January 2019 ***(4mks***)

 Price (Kshs) No. of loaves demanded No. of loaves supplied

 20 1000 50

 25 800 100

 30 600 200

 35 400 300

 40 300 400

 45 200 600

 50 100 800

(i) On the same graph, plot the demand and supply curves  ***(4mks***)

(ii) Determine the equilibrium price (Pe) and equilibrium quantity (Qe)

(iii) Assuming there was immigration of people into Kibingoti town, indicate the changes that would occur on the graph  ***(4mks***)

2. (a) During the last general election, politicians used alot of money to **two** voters which resulted to demand

 pull inflation.Explain **five** monetary policies that the government took to control this inflation ***(10mks***)

 (b) Western countries like Britain and America are considered as developed Nations. Discuss five indicators

 that prove these countries are developed  ***(10mks***)

3. a) The graph below represents population and output levels of three countries, A B and C



(i) State the type of population found in each country

 Country B........................................................................................................................ ***(1mk)***

 Country C...................................................................................................................... ***(1mk)***

(ii) Explain **four** challenges that country C may be facing  ***(8mks)***

(b) Explain **five** circumstances under which an insurance contract may be terminated (***10mks)***

4. (a) Discuss **five** micro environmental factors that may lead to a business failure

 (b) Explain any **five** benefits that a public Limited company enjoys

5. (a) Explain **five** advantages of personal selling as a method of product promotion. (***10mks)***

 (b) The following information relates to Kalondu Traders for the year 2017

 Ksh

 Turnover 270,000

 Margin 40%

 Rate of stock turnover 6 times

 Expenses 40,000

 From the above information , determine

1. Gross profit  ***(3mks)***

(ii) Cost of good sold ***(2mks)***

 (iii) Net profit ***(2mks)***

 (iv) Average stock ***(3mks)***

6. (a) Explain **five** factors that a trader would consider when choosing the most appropriate means of

 communication to reach his clients.

 (b) The following balances were extracted from the books of Digital Traders for the year ended 31/12/2000

 Kshs

 Debtors 200,000

 Bank 150,000

 Cash 50,000

 Capital 3,096,000

 Creditors 300,000

 Furniture 600,000

 Motor Vehicle 2,500,000

 Stock 10,000

 General expenses 90,000

 Gross profit 300,000

 Discount received 8,000

 Discount allowed 5,000

 Commission received 8,000

 Salaries 70,000

 Water 10,000

 Advertising 7,000

 Rent 20,000

 ***Prepare***

 (i) Profit and loss A/c for the year ended 31/12/00  ***(5mks)***

 (ii) Balance sheet as at 31/12/00  ***(5mks)***

**SCHOOL BASED EXAMINATION FORM FOUR JULY - AUGUST 2019**

**BUSINESS STUDIES PAPER 2 565/2 FORM 4 MARKING SCHEME**

1(a) (i) Removal of unroad - worthy vehicles which may cause accidents

 (ii) Installation of bumbs to reduce speed

 (iii) Heavy penalties to motorists who disobey traffic rules

 (iv) Limit number of passengers in vehicles to avoid overloading

 (v)Ensuring that public service vehicles have speed governors to limit the speed

 (vi) Construction of duo carriage roads and bypass to ease congestions which may cause accident

 (vii) Making sure that public service vehicles are driven by qualified drivers

 (viii) Restriction on travelling hours/ensure drivers have ample time to rest before driving

 (ix) Creating public awareness about road safety through mass media and bill board ***( 5 x2 = 10mks)***

 (b)see attached graph

 (ii) Pe= 36.50 +-50 e = 370 + 5



(iii) - Demand curve shifts upward

 - Pe increment

 - Qe Increment

 - Equilibrium point increases

2(a) Increasing the bank rate

 - Selling government securities in the open market

 - Increasing cash/Liquidity ration

 - Selective credit control

 - Increasing complusory deposits

 - Directive to commercial banks

 - Moral persuation

2(b) - Improved infrastructures

 - High per capita income/High standards of living

 - Low depending ration

 - Economy based on manufacturing

 - Reduction in equalities of incomes

3(a) B - Optimum Population

 C- Over population

 (ii) Challenges of country C

 - High rate of unemployment

 - Enviromental degradation

 - Low standards of living

 - Low quality services eg education

 - Increase in crime rates

 ***(State 1mk explanation 1mk)***

3b ***Reasons for terminating Insurace Contract***

(i) When the insured has not acted in utmost good faith

(ii) When the compensation takes place

(iii) When the insured ceases to have insurable interest in the property

(iv) If the court of law orders termination of the contract

(v) When the insured decides to terminate the contract

(iv) Due to failure to renew the contract

4(a)***Micro environmental factors that may lead to business failure***

(i) Unfavourable business culture

(ii) Poor management

(iii) Insufficient capital

(iv) Use of outdated technology

(v Poor location

(vii) In adequate physical facilities such as buildings

***4(b) Benefits enjoyed by Public Limited \Company***

(i) Large capital base - They have access to a wide source of capital through sale of shares and debentures to the public / can borrow loans from banks using its assets as security

(ii) Transfer of shares - shares are freely transfered without any effect on the continuity of the company

(iii) Continuity - Its not affected by death , insecurity or bankruptcy of any shareholders

(iv) Specialised professional management its able to employ qualified staff due to high capital base.

(v) Economics of scale - its able to reduce costs while miximising profits due to its big size

(vi) Encouragement and motivation of employees to work harder for higher profits

(vii) Accountability and transparency - They publish their accounting statements for public to see .

5 (i) Enables the seller to have goods tested/

 examined by the prospective users

(ii) The seller gets an opportunity to explain the specific uses of the product including demonstration on how it is used

(iii) The seller is able to provide answers to questions to clear doubts raised by customers

(iv) The seller may be able to get information or feedback from customers

(v) The seller is also able to have personal/contact with prospective buyers

(vi) It improves customer relationship which may help in retaining customers

(vii) The seller may secure immediate contract /orders from prospective customers

(viii) The seller is able to persuade customers to buy his products in preference to those of competitors

 ***(5 x2 = 10mks)***

5(b).

 (i) Gross profit

 Margin = G.P

 Sales

 40 = G.P

 100 sales ( 270,000)

 G.P. = 40 x 270,000 = 108,000

 100 ***4x 1 = 4mks***

(ii) Cost of good sold

 Cost of goods sold = sales = G.P

 = 270 000 = 108 000 = 162,000

(ii) Net profit

 Net profit = G.P- Expenses

 = 108,000 - 40,000

 = 68,000

(iv) Average stock

 ROSTO = Cost of sales

 Average stock

 6= 162,000

 Average stock

 Average stock = 162,000

 6 = 27,000

6. ***Factors to consider when choosing means of***

 ***communication***

-Speed - urgent messages used faster means of

 communication

-Cost - Use most economical means

- Confidentially - privacy eg use of registered mail

- Distance

- Accuracy

- Reliability of the means

- Availability of the means

- Desired impression

- Nature of the message

- Security of the message

- Government policy

6b(i)

Digital Traders

Balance Sheet

As at 31/12/00

**Fixed Assets**

Motor vehicle 2 500 000 Capital 3 096 000

Furniture 600,000 3,100.00 Add NP 114,000

 New capital 3 210,000

**Current Assets** **Current Liabilities**

Stock 10,000

Debtors 200,000 Creditors 300,000

Bank 150,000

Cash 50,000 410,000

 **3,510,000**  **3,510,000**