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565/1
BUSINESS STUDIES
FORM FOUR PP1
1ST TERM 2016
2 HRS.

Kenya Certificate of Secondary Education
BUSINESS STUDIES
FORM FOUR 1ST TERM EXAMINATION 2016

Instructions

- Answer all the questions in the spaces provided
- Write your name and index number in the spaces provided above

For Examiner's Use Only

Questions	1	2	3	4	5	6	7	8	9	10	11	12
Marks												

Questions	13	14	15	16	17	18	19	20	21	22	23	24	25
Marks													

TOTAL
MARKS

This paper consists of 7 printed pages. Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing.

1. Outline four challenges faced by people in the process of satisfying human wants (4marks)

2. Highlight four characteristics of labour as a factor of production (4marks)

3. State four disadvantages of using credit cards (4marks)

4. Give four characteristics of public corporations (4marks)

5. Highlight four features of oligopoly

6. State four factors that determine the fertility rate in Kenya (4marks)

7. The following information relate to Kanini Enterprises for the year ended 30th Jan 2016
- | | |
|-------------|---------|
| Debtors | 120,000 |
| Creditors | 60,000 |
| Machinery | 450,000 |
| Cash | 70,000 |
| Bank | 180,000 |
| 5-year loan | 270,000 |
| Stock | 60,000 |
| Capital | 550,000 |

Prepare Kanini's balance sheet

(4marks)

8. State four circumstances under which a firm would locate near the source of raw materials (4marks)

9. Highlight four factors that limit the effectiveness of consumer's organizations in protecting consumers (4marks)

10. Outline four benefits of video conferencing meeting (4marks)

11. State the source documents that relates to each of the following descriptions (4marks)

No	Description	Source document
i	Used to authorize payment	
ii	Issued to the buyer after he pays	
iii	Sent to a credit buyer to request for payment	
iv	Sent by a seller to a buyer to correct an undercharge	

12. Enter the following transactions in the relevant ledger accounts (4marks)

- April 3: Purchases goods on credit from Tumaini wholesalers for Kshs 50,000
- 4: Withdrew Shs. 20,000 from bank for office use
- 5: Purchased stationery for Shs. 1,000 in cash
- 6: Paid Tumaini wholesalers Shs. 3,000 by cheque

13. Give four limitations of the use of cell phone as a means of communication (4marks)

14. Outline four reasons why it is beneficial for a trader to borrow a loan from a non-bank financial institutions (4marks)

15. Highlight four factors that may lead to a country's high level of national income (4marks)

16. The following information relates to Kaseve traders

Opening stock	60,000
Closing stock	25,000
Purchases	120,000
Gross profit	45,000

a) Calculate Margin (2marks)

b) Rosto (2marks)

17. Outline four circumstances under which a manufacturer would sell goods directly to the consumer (4marks)

18. Highlight four problems faced by motor cycle transport in Kenya (4marks)

19. State four factors to consider when evaluating a business opportunity (4marks)

20. Give four reasons for an efficient filing system (4marks)

21. State four sources of capital/finance for a public limited company (4marks)

22. The table below contains various business transactions. Using a tick for each indicate the effects it will have on the balance sheet totals (4marks)

No	Transactions	Effects on balance sheet totals		
		Increase	Decrease	No effect
i	Sold goods on credit worth shs. 100,000			
ii	Took money from the business for personal use shs. 3,000			
iii	Bought furniture worth shs. 10,000 and paid in cash			
iv.	Cut loan of shs. 500,000 from the bank			

22. List of ways in which wholesalers use to prepare goods for sale (4marks)

23. State four causes of business success

(4marks)

24. Highlight four advantages of interest banking to a customer

(4marks)
