

NAME _____ CLASS _____ ADMNO _____
TEACHER _____

ALLIANCE HIGH SCHOOL

END OF TERM 1 2016 FORM 4 BUSINESS STUDIES EXAMINATION.

2HRS 15MINS

SECTION A. ANSWER ALL THE QUESTIONS FROM THIS SECTION

1. Outline **four** ways in which a business should be socially responsible to its employees. (4mks)

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

2. Name four ways through which small firms may expand so as to enjoy economies of scale. (4mks)

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

3. Highlight **four** reasons why supermarkets sell goods at low prices than small scale retail shops. (4mks)

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

4 Give **four** merits of a partnership over a sole proprietorship. (4mks)

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

5 Outline **four** reasons why a business should have its own warehouse. (4mks)

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

6. Highlight **four** circumstances under which a person would hire a handcart to carry goods instead of a pick up. (4mks)

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

7. In the following transaction, indicate the account to be debited and the account to be credited. (4mks)

	Dr	Cr
(i) Bought goods on credit from Shah Traders
(ii) Sold goods for Cash
(iii) Adebtor paid by cheque
(iv) Took money from the bank for private use

8. Kenyans could be facing serious economic crisis due to inflation. State **four** measures that can be taken by the government to control inflation. (4mks)

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

9. Outline **four** characteristics of an oligopoly market structure (4mks)

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

10. The following information was extracted from the books of Uwaso Enterprises as at 1.6.2009

Bank overdraft	383,000
Cash	28,000
Motor vehicle	500,000
Debtors	17,000
Stock	120,000

During the month, the following transactions took place. June 4th Purchase goods worth Kshs. 30,000 by Cheque. June 17th Deposited Cash Kshs. 5,000 to the bank.

June 30th A debtor paid Kshs. 17,000 in cash

Required:

Prepare a balance sheet as at 31.6.2009

(4mks)

11. Outline **four** ways which the government can correct a balance of payment disequilibrium. (4mks)

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

12. Outline four importance of calculating financial ratios to a business. (4mks)

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

13. State any **four** ways through which the central bank can use to control economic activities. (2mks)

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

SECTION B: ANSWER ONLY FIVE QUESTIONS FROM THIS SECTION.

16. Explain **five** factors that influence the level of National income of a country. (10mks)

17. Explain **five** advantages of advertising to the producer. (10mks)

18. The following information relates to Nyamu traders for the year 2004

Margin 30%

Turnover 300,000

Expenses 40,000

Rate of turnover 6 times

From the information given above; calculate

(i) Gross profit (2mks)

(ii) Cost of goods sold. (2mks)

(iii) Net Profit (2mks)

(iv) Average Stock (2mks)

(v) mark-up (2mks)

19. Explain **five** benefits of e-commerce to a firm (10mks)

20. Discuss **five** reasons why a government may impose taxes. (10mks)

21. Name **five** external environmental factors and explain how each one of them may contribute to the success of a business. (10mks)