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

**DATE ……………………………. CLASS ……………..**

**MWAKICAN FORM 4 JOINT EXAMINATION – 2016 TERM 1**

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**TIME: 2 HOURS**

***Instructions for 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.
5. This paper consists of five printed pages.
6. Candidates should answer all the questions in English.

For Examiner’s use only

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Question | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| Marks |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Question | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| Marks |  |  |  |  |  |  |  |  |  |  |  |  |  |

TOTAL MARKS

1. Outline any four functions of an office in an organization. (4 mks)
2. Name the document used for the purposes described below in home trade. (4 mks)
3. A document requesting a potential seller to supply the goods specified in it –
4. A document signed by the buyer after receiving goods to ascertain that he/she has received the goods and in good condition and order –
5. Document issued by seller to the buyer to correct an undercharge –
6. Document used by a potential buyer to seek for more information from a potential seller –
7. State any four factors that may limit entrepreneurship in an area. (4 mks)
8. Record the following transactions in the sales journal. (5 mks)

2006:

January 2: Sold goods on credit to Wanje Shs. 4,000 invoice No. 001

3: Credit sales to Yusuf Shs. 10,000 invoice No. 002

4: Cash sales to Mutune Shs. 1,000 receipt No. 020

5: Credit sales to Cheruiyot shs. 15,000 invoice No. 003

7: Credit sales to Abdalla shs. 6,000 invoice No. 004

1. Outline any four features of subsistence production. (4 mks)
2. List down any four environments that constitute an external business environment. (4 mks)
3. Highlight any four challenges that an overpopulated country may face. (4 mks)
4. Highlight any four ways in which a government can create an enabling environment for business. (4 mks)
5. Juma and Oliech wants to start a business as a partnership. However, their contributions are not enough to raise the required capital. Advice them on other alternative sources of capital for their business. (4 mks)
6. Give four benefits of a bonded warehouses to an importer. (4 mks)
7. Ollin enterprises sells it/s goods at a margin of 20%. The following details were available for the year ended 30th April, 2014.

|  |  |
| --- | --- |
|  | Shs. |
| Purchases | 500,000 |
| Net sales | 950,000 |
| Closing stock | 200,000 |
| Net profit is 15% of sales |  |

Calculate:-

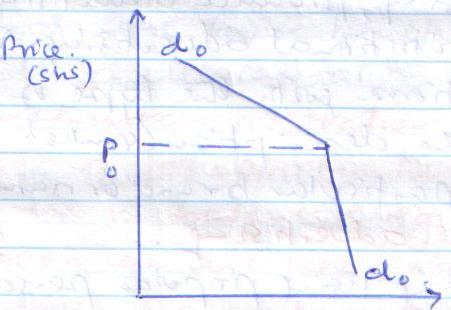
1. Gross profit (2 mks)
2. Total expenses (3 mks)
3. The following information was extracted from the books of Almach enterprises for the year 2014. (3 mks)

|  |  |
| --- | --- |
|  | Shs. |
| Capital on 1/01/2014 | 203,000 |
| Drawings during the year | 13,000 |
| Additional investment during the year | 20,000 |
| Net loss during the year | 24,000 |

Determine the capital of the business at the end of the year 2012.

1. State any four services that are offered by the post office. (4 mks)
2. Highlight any four factors that may make communication to be effective. (4 mks)
3. Karibu Emporion Company owns a chain of supermarkets in several major towns in Kenya. Advice the owners on any four insurance policies that it can use for it’s supermarkets. (4 mks)
4. Outline any four circumstances under which air transport is suitable over other means of transport. (4 mks)
5. Write down whether the following factors cause a shift of the demand curve or movement along a demand curve. (4 mks)

|  |  |
| --- | --- |
| Factor | Effect |
| 1. A change in consumers income |  |
| 1. An increase in the sales tax of a product |  |
| 1. Change in price of the commodity |  |
| 1. Future expectations that price will increase |  |

1. The diagram below shows a demand curve in a certain product market.
2. Give the name of the demand curve represented by d0d0. (1 mk)
3. Name the type of product market that experiences such a curve. (1 mk)
4. Outline any three features of an oligopoly market. (3 mks)
5. Outline any four benefits to a consumer if the channel used to distribute a certain commodity is short rather than a long channel. (4 mks)
6. The following are types of advertising primary demand advertising, product advertising, celebrity advertising, institutional advertising. Match the following descriptions with the type of advertising that best suits the description. (4 mks)
7. Advertising a particular brand or name of a specific product –
8. Advertising using popular personalities –
9. It aims at popularizing new products to potential customers –
10. It aims at making an organization more popular –
11. One of the major services of commercial banks is lending money to their customers. Outline any three ways in which commercial banks lend money. (3 mks)
12. Define the following terms as used in National income. (4 mks)
13. National income –
14. Gross domestic product –
15. Per capita income –
16. Gross national product –
17. Outline any four benefits to a country as a result of delocalization of firms. (4 mks)
18. Give four reasons why the government may prefer borrowing funds from internal sources rather than borrowing externally. (4 mks)
19. List down the types of expenditures that are included in the measurement of national income using the expenditure method. (4 mks)