

NAME: _____ INDEX NO: _____

CANDIDATE SIGN: _____

DATE: _____

565/1

BUSINESS STUDIES

PAPER 1

2 HOURS

FORM FOUR EXAMINATION-2019

INSTRUCTIONS TO CANDIDATES

- a) Write your name and index number in the spaces provided above
- b) Sign and write the date of examination in the spaces provided above
- c) Answer all the questions in the spaces provided in the question paper
- d) Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
- e) Candidates should answer the questions in English.

Question	1	2	3	4	5	6	7	8	9	10	11	12	13
Marks													
1	1	16	17	18	19	20	21	22	24	23	25		
4	5												

Total Marks

1. Outline **four** benefits that will accrue from four leaver who establishes a business. (4marks)
 - (a)
 - (b)
 - (c)
 - (d)
2. Outline **four** circumstances under which goods may be transported by air. (4marks)
 - (a)
 - (b)
 - (c)
 - (d)
3. Juma traders had the following information

Opening stock	40,000
Closing stock	55,000
1 purchases	200,000
Margin	25%

Required

- a.) Calculate Jumas Rate of stock turn over. (3marks)

- b.) State the importance of having a low rate of stock turnover. (1mark)

.....

.....

4. Highlight **four** goals of development. (4marks)
 - (a)

- (b).....
- (c)
- (d).....

5. ABC trader is a small scale shop in a town. Highlight four reasons why it continues to exist despite the high competition from supermarkets in the neighbourhood. (4marks)

- (a)
- (b).....
- (c)
- (d).....

6. Outline **four** strategies though ways in which a business may be expanded. (4marks)

- (a)
- (b).....
- (c)
- (d).....

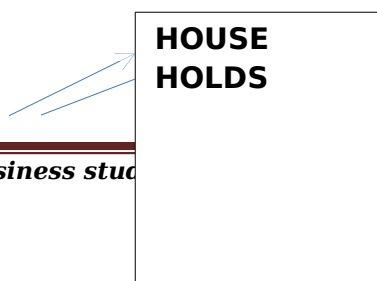
7. Identify the nature of the following production activities. (4marks)

Activity	Nature
(a) Banking	
(b) Lumbering	
(c) Oil refining	
(d) Building roads	

8. State the significance of the following insurance policies. (4marks)

- (a) Indemnity
.....
.....
- (b) Subrogation
.....
.....

9. The diagram below shows an illustration of circular flow of income in a two sector economy.





Identify the types of document in home trade that best fits the description below. (4marks)

- (a)
 ...
 (b)
 ...
 (c)
 ...
 (d)
 ...

10. The table below shows the consumer price index over a period of five years. Using 2011 as the base year determine the prices for the years 2012, 2013, 2014 and 2015. (4marks)

Year	Price	C.P.I
2011	90	
2012		112
2013		115
2014		117
2015		120

11. Identify the types of document in home trade that best fits the description below. (4marks)

Description	Document
a.) Evidence that cash payment has been made.	
b.) Sent to the buyer when hired transport.	
c.) Informs the buyer that goods are on transit	
d.) Corrects on undercharge	

12. Outline **four** strategies that can be used to make verbal communication effective. (4marks)

- (a).....
- (b).....
- (c).....
- (d).....

13. The following information relates to Maili Tisa traders.

7/1/19 Sold goods on credit to matunda worth Shs. 25,000/=

9/1/19 Matunda paid by cheque part of his debt valued at Kshs. 15,000/=

8/1/19 Matunda returned to the business goods worth Kshs. 500

Required

Prepare Mailitisa, traders, debtors matunda account.

(4marks)

14. Identify **four** ways in which the central bank controls the currency in a country. (4marks)

- (a).....
- (b).....
- (c).....
- (d).....

15. Outline **four** circumstances that may lead to an increase in the supply of maize in the market.

(4marks)

- (a).....
- (b).....
- (c).....
- (d).....

16. Outline **four** ways in which the balance of payments of a country may be improved. (4marks)

- (a)
- (b)
- (c)
- (d)

17. Identify the source documents into which the information given in the table would be recorded.

Information	Source documents
a) Payment made to creditors	
b) Sales made on credit	
c) reducing payment due from a creditor	
d) Validating payments by cashier	

18. Highlight **four** benefits of using personal selling in product promotion.

(4marks)

- (a)
- (b)
- (c)
- (d)

19. Outline **four** advantages of office machines.

(4marks)

- (a)
- (b)
- (c)
- (d)

20. Highlight **four** circumstances through which a firm may acquire monopoly status. (4marks)

- (a)
- (b)
- (c)
- (d)

21. Outline **four** challenges faced by a country with a young population. (4marks)
- (a)
 - (b)
 - (c)
 - (d)
22. Outline **four** benefits a person will get by joining a consumer cooperative society. (4marks)
- (a)
 - (b)
 - (c)
 - (d)
23. Give **four** reasons that may make a government to prefer indirect taxes. (4marks)
- (a)
 - (b)
 - (c)
 - (d)
24. Highlight **four** advantages of using credit cards for payment. (4marks)
- (a)
 - (b)
 - (c)
 - (d)
25. Identify **four** characteristics of chain stores. (4marks)
- (a)
 - (b)
 - (c)
 - (d)