

**FORM 4 END TERM 2 2020**  
**BUSINESS STUDIES PAPER 1**

1. State **four** characteristics of services. (4mks)
  - a).....
  - b).....
  - c).....
  - d).....
  
2. Outline **four** disadvantages of division of labour. (4mks)
  - a).....
  - b).....
  - c).....
  - d).....
  
3. Mention **four** advantages of using Automatic Vending Machines. (4mks)
  - a).....
  - b).....
  - c).....
  - d).....
  
4. Give **four** benefits one gets from self-employment. (4mks)
  - a).....
  - b).....
  - c).....
  - d).....
  
5. Outline **four** factors to consider when intending to buy office furniture. (4mks)
  - a).....

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

6. Name the source document to which each of the following description relate. (4mks)

<b><u>Description</u></b>	<b><u>source document</u></b>
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- (i) Issued by the seller to a buyer for cash paid
- (ii) Used for processing and authorizing payments
- (iii) Sent to a credit buyer to demand payment
- (iv) Used to correct undercharge

7. Outline **four** principles of co-operatives. (4mks)

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

8. Highlight **four** measures that the government puts in place to create conditions that will be favorable for business development. (4mks)

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

9. State **four** advantages of transporting oil by pipeline rather than by road. (4mks)

- a).....
- b).....

- c).....
- d).....

10. Outline **four** advantages of audio-visual communication. (4mks)

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

11. Highlight **four** ways in which the production activities of firms in your country affect the environment. (4mks)

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

12. Highlight **four** disadvantages of a private warehouse. (4mks)

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

13. Ragati and Nzonge operates a business with a stock valued at ksh.350,000 and have interests of  $\frac{3}{5}$  and  $\frac{2}{5}$  respectively. Ragati decided to insure  $\frac{2}{4}$  of the stock against fire. Sometimes later fire occurred at their business premises and destroyed stock worth ksh. 250,000. Calculate the amount of compensation Ragati would get from the insurance company. (4mks)

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14. Outline **four** sources of monopoly power. (4mks)

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

15. Name **four** sources of public finance. (4mks)

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

16. State **four** benefits that would accrue to a customer who borrows a loan from a non-bank financial institution. (4mks)

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

17. Match **each** of the statements given below with the relevant type of capital. (4mks)

<b><u>Statement</u></b>	<b><u>Type of capital</u></b>
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- a. Resource invested into a business by the owner
- b. Excess of current assets over current liabilities
- c. Amount invested into the business by outsiders
- d. Represents total finance in a firm

18. The following information was extracted from the books of farmers choice supermarket on 31<sup>st</sup> Dec 2009

	shs
Average stock	30,000
Closing stock	40,000
Purchases	336,000
Carriage inwards	2,000
Return outwards	18,000
Margin	1/6

Required. Calculate sales for the year . 4mks

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19. Outline **four** important characteristics of a general journal. (4mks)

- a).....
- b).....
- c).....

d).....

20. Apex traders provided you with the following

Margin	25%
Cost of sales	15,000
Opening stock	2,000
Closing stock	1,000
Operating expenses	2% of capital
Sales and capital are in the ratio of 1:4	

**Calculate :**

- a. Rate of stock turnover
- b. Purchases
- c. Return on capital

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21. Indicate the subsidiary ledger in which each of the following should be recorded. 4mks

**Account**

**Subsidiary ledger**

- a. Return inwards
- b. Bank

- c. Drawings
- d. Juma traders ( a debtor)
- e. Discount received
- f. Uchumi wholesalers (a supplier) .....

22. Highlight **four** types of advertising. (4mks)

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

23. State **four** natural sources of energy in Kenya. (4mks)

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

24. The statement below described various types of goods. Identify the type of goods best described by each statement. (4mks)

- a. Owned by the government on behalf of its citizens.
- b. Goods that are capable of directly satisfying human want.
- c. Goods that are used to make other goods.
- d. Goods that get spoilt within a very short time.

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25. Identify **four** reasons why many youths in urban centre are starting hawking businesses.

(4mks)

a).....

b).....

c).....

d).....