

FORM 4 MID TERM 2 2020

BUSINESS STUDIES PAPER 1

1. State **four** characteristics of money (4msrk)
(a).....
(b).....
(c).....
(d).....
2. State **four** external factors that may adversely affect the efficient operations of a business enterprise. (4mrks)
(a).....
(b).....
(c).....
(d).....
3. Under what **four** circumstances would it be advisable for a business to use photocopying as a means of document reproduction. (4mrks)
(a).....
(b).....
(c).....
(d).....
4. Outline **four** ways through which an efficient transport system may promote trade in the society. (4mrks)
(a).....
(b).....
(c).....
(d).....
5. Outline **four** benefit enjoyed by a large scale consumer who buys directly from the producer (4mrks)
(a).....
(b).....
(c).....
(d).....
6. ABC Ltd prefers to advertise their products through their website in the internet. Outline **four** benefits enjoyed by the firm as a result of this method of states promotion. (4mrks)
(a).....
(b).....

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

7. Outline **four** features of cooperative societies (4mrks)

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

8. Give **four** reasons why most Kenyans do not operate bank accounts. (4mrks)

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

9. State **four** advantages of indirect taxes. (4mrks)

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

10. In the space provided, indicate the effects of the transactions given on assets , liabilities and capital by writing increase, decrease or no effect in the appropriate column.

Transaction	Assets	Liability	Capital
(a) Bought news furniture and payment to be later.
(b) Paid money owed to creditors by cheque.
(c) The owner donated his Personal computer for business use
(d)The owner used part of business goods for his sons birthday.

11. Outline **four** contributions of the households to the national income of a country. (4mrks)

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

12. Identify **four** salient features of a monopolistic market. (4mrks)

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

13. In the spaces provided in the table below, name the document Mumia Limited Company would issue under circumstances described below.

Circumstance	Document to issue
(a) Mumia Ltd sold goods worth Ksh 100,000 On credit to Mama Tadoo Supermarket.
(b) Kukus traders paid Mumia Traders paid Ksh. 54,000 by cheque to Mumia Ltd for goods which had been supplied.
(c) Agama enterprises which had bought goods worth ksh. 17,000 was erroneously charged for only Ksh. 15,000.
(d) Goods sold to mama Tadoo Supermarket had been over priced by sh. 4,000

14. Identify **four** obstacles that may hinder the achievement of Kenya’s Vision 2030. (4mrks)

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

15. State **four** benefits of entrepreneurship to the Kenyan government. (4mrks)

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

16. The following information was extracted from the books of Condo Traders as at 31st December, 2008.

Opening stock	2,500
Purchases	46,000
Closing stock	1,500
Mark – up	20%

Required : Prepare Condo Trader’s trading account. (4mrks)

17. List **four** rewards to land as a factor of production (4mrks)

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

18. State **four** characteristics of a bonded warehouse. (4mrks)

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

19. The average consumer price for a 20 – litre cooking oil for various years is shown in the table below.

Year	Consumer price	Consumer price index.
2000	474	100
2001	538	—
2002	625	—
2003	741	—
2004	866	—

Calculate the consumer price index using year 2000 as base year. (4mks)

20. Other than price mechanism, outline **four** methods used to determine the price of commodities in a market (4mrks)

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

21. The information provided below indicates the closing balances of Wanda Wholesalers as at 31st December, 2009.

Land	430,000
Motor Vehicle	641,000
5-year ICDC loan	900,000
Bank	54,000
Stock	82,000
Accrued expenses	79,800
Creditors	120,000

Required: Using the information given above, prepare Wanda Traders General Journal. (4mks)

22. Match the following terms with the statements below; over insurance, co-insurance premiums, policy, actuaries.

Statement	Term applicable
(a) The amount of money the insured Paid periodically
(b) A person has insured his property For a higher value than its worth.
(c) The contract document for insurance cover.
(d) Several insurance companies share the burden of insuring a common property.

23. State **four** reasons why the volume of exports from less developed countries to the developed countries tend to be low. (4mrks)
- (a).....
- (b).....
- (c).....
- (d).....

24. Outline **four** non-monetary measures that an organization may use to motivate its employees. (4mrks)
- (a).....
- (b).....
- (c).....
- (d).....

25. The following figures relate to Westgate Company Limited as at 31st December, 2013. Use it to prepare a balance sheet as at 31st December, 2013.

Capital	sh. 50,000
2-year loan	sh. 30,000
Unpaid Salaries	sh. 15,000
Bank	sh. 25,000
Overdraft	5,000
Closing stock	sh.20, 000
Cash	sh.15, 000
Buildings	sh.32, 000
Creditors	sh.10, 000
Furniture	sh. 8,000
Machinery	sh. 10,000