

NAME ..... DATE .....

INDEX NO. .... CANDIDATE'S SIGNATURE .....

565/1  
BUSINESS STUDIES  
PAPER 1  
TIME: 2 HOURS

**LAIKIPIA EAST TERM 2 2022 FORM 4 EVALUATION EXAM**  
*Kenya Certificate of Secondary Education – K.C.S.E*

**INSTRUCTIONS TO CANDIDATES**

Answer all the questions in spaces provided.

**FOR EXAMINERS USE ONLY**

QUESTIONS	1	2	3	4	5	6	7	8	9
MARKS									

10	11	12	13	14	15	16	17	18

19	20	21	22	23	24	25

**TOTAL MARKS**

*This paper consists of 6 printed pages.  
Candidates should check to ensure that all pages are printed as indicated and no questions are missing*

1. State four factors that you would consider before extending credit facilities to a customer. (4 Marks)

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

2. Give four characteristics of human wants. (4 Marks)

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

3. The following information relates to businesses W, X, Y and Z. (4 Marks)

BUSINESS	ASSETS	LIABILITIES	CAPITAL
W	350,000	b	150,000
X	a	160,000	240,000
Y	800,000	450,000	d
Z	700,000	c	280,000

Determine the figures represented by a, b, c and d. (4 Marks)

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

4. State any four principles that govern the operations of co-operative societies in Kenya. (4 Marks)

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

5. Highlight four limitations posed by the use of national income statistics as a way of comparing the living standards of people for different countries. (4 Marks)

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

6. State four merits associated with internal borrowing. (4 Marks)

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

7. What four measures would you advise the government of Kenya to apply so as to curb the inflationary tendencies the country is currently experiencing? **(4 Marks)**
- (i).....
- (ii).....
- (iii).....
- (iv).....
8. State four limitation of barter trade **(4 Marks)**
- (i).....
- (ii).....
- (iii).....
- (iv).....
9. State four ways that firms may acquire monopoly position. **(4 Marks)**
- (i).....
- (ii).....
- (iii).....
- (iv).....
10. The data below relates to Kimeu's business as at 31<sup>st</sup> Dec 2010. **(4 Mark)**
- |  |         |
|--|---------|
|  | Shs     |
| Capital as at 1 <sup>st</sup> Jan 2010 | 100,000 |
| Additional investment in the year      | 40,000  |
| Profit realized in the year            | 25,000  |
| Drawings made in the year              | 45,000  |
- Determine Kimeu's capital as at 31<sup>st</sup> Dec 2010
11. State four features of labour as a factor of production **(4 Marks)**
- (i).....
- (ii).....
- (iii).....
- (iv).....

- 12.** The table below shows descriptions relating to some documents used in home trade. Name the document fitting the description. **(4 Marks)**

DESCRIPTION	DOCUMENT
<b>(i)</b> Used to correct an undercharge error	
<b>(ii)</b> Seeking information on items stocked and their prices	
<b>(iii)</b> Inform the buyer that the goods ordered have been dispatched	
<b>(iv)</b> Requests payment for goods before they are sent to the customer	

- 13.** Outline four reasons why governments participate in business. **(4 Marks)**

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

- 14.** State four features of an oligopolistic type of Market. **(4 Marks)**

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

- 15.** The following information relates to Blue star traders in the year 2009.

Jan 1 started business by depositing Shs. 150, 000 in the business' bank account

Jan 2 bought stock worth shs. 10,000 by cash.

Enter these transactions in the relevant ledger accounts.

- 16.** State four possible errors that may not be detected by a trial balance.

- .....  
.....  
.....  
.....

17. Under what four circumstances would a producer opt to sell his goods directly to his customers?

(4 Marks)

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

18. The balances below were extracted from the books of Kuzu traders as at 30<sup>th</sup> June 2010.

ITEM	KSHS
Furniture	20,000
Debtors	30,000
Creditors	42,000
Cash in hand	25,000
Cash at bank	60,000
Delivery van	280,000
Capital	348,000
Bank van	120,000
Net loss	45,000

Prepare Kuzu's balance sheet as at 30<sup>th</sup> June 2010.

19. State four gaps in the market that may provide an opportunity to an entrepreneur.

(4 Marks)

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

**20. State four reasons why an insured may not be compensated despite an insured risk occurring. (4 Marks)**

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

**21. State four characteristics of economic resources. (4'm). (4 Marks)**

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

**22. State four ways through which a consumer may be exploited. (4 Marks)**

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

**23. Give four differences between an ordinary share and a preference share. (4 Marks)**

ORDINARY SHARE	PREFERENCE SHARE
(i) .....	(i) .....
(ii).....	(ii).....
(iii).....	(iii).....
(iv).....	(iv).....

**24. Kim insured his motor vehicle value at shs.1,000,000 for shs. 800,000. The motor vehicle was involved in an accident and declared a write off. Calculate the amount Kim should get from the insurer.(4Marks)**

**25. State four ways through which the price of a commodity may be determined. (4 Marks)**

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