

Name..... ADMN NO:.....

565/1  
BUSINESS FORM 4  
PAPER 1  
TIME: 2 HOURS  
JUNE/JULY 2023

Candidate's Signature .....  
Date:

**INSTRUCTIONS TO CANDIDATES**

- Write your **name** and **index number** in the spaces provided above
- **Sign** and write the **date** of examination in the spaces provided.
- Answer **all** the questions.(25 questions).
- All answers should be written in the spaces provided in this booklet.
- Candidates should answer all questions in English

**For Examiners Use Only**

|          |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |  |
|----------|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|--|
| Question | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |  |
| Marks    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |  |

TOTAL MARKS

*This paper consists of 7 printed pages. Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing.*

1. Outline **four** ways in which a good business structure is of benefit to a business organization (4mks)

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2. Outline **four** difficulties that would be faced by an individual in the satisfaction of human Wants (4mks)

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3. The following is a table of activities. Name the utility that is created by each activity. (4mks)

| Activity  | Utility |
|---|---------|
| i) Making Chairs from timber                          |         |
| ii) Shopkeepers selling sugar to consumers            |         |
| iii) Pharmacist delivering milk to a hospital         |         |
| iv) Delivering milk to consumers early in the morning |         |

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4. Using a diagram, illustrate how a decrease in demand occurs while holding all factors constant apart from price. (4mks)

5. State **four** circumstances under which it may be appropriate to use personal selling as a form of product promotion. (4mks)

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6. K Ltd a manufacturing firm has been performing poorly in the recent past. Highlight four measures that they can take to improve their profitability. (4mks)

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7. State **four** functions of commercial attaches. (4mks)

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8. Give **four** reasons why some traders prefer to operate supermarket business (4mks)

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9. State **four** reasons why short message service (SMS) is replacing letters as a way of communication (4mks)

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10. Describe **four** channels used when importing commodities. (4mks)

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11. Outline four emerging trends in office management. (4mks)

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

12. Give **four** benefits that are likely to result from a modern railway network in the country (4mks)

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13. Outline **four** features of monopolistic competition (4mks)

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14. State **four** merits of storing goods in a public warehouse (4mks)

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15. The following account balances were extracted from the books of misingo traders on 30<sup>th</sup> April 2002

|           |        |                |        |
|-----------|--------|----------------|--------|
| Machinery | 460000 | Stock          | 20,000 |
| Debtors   | 50,400 | Cash in hand   | 35,000 |
| Creditors | 38,200 | Bank overdraft | 65,900 |

Determine capital as at 30<sup>th</sup> April 2012 (4mks)

16. The table below shows descriptions of different types of partners. Identify type of partners that match the description

| Description  | Type of partner |
|--|-----------------|
| (a) Do not contribute capitals<br>(b) Those whose private properties can be used to pay business costs<br>(c) Do not participate actively in management<br>(d) Are above 18 years of age |                 |

17. On 31<sup>st</sup> December 2013 Kiu Traders had made a turnover of Sh.80, 000 for the year and had a closing stock of SH.10, 000. If the business was working at a margin of 20%, draw its trading account for the period ending 31<sup>st</sup>, December 2013

(4mks)

18. Outline four source documents used in recording transaction. (4mks)

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19. On 1<sup>st</sup> March 2006 the cash book of Kericho traders showed cash and bank balances of sh. 15000 and sh 147000 respectively. The following transactions took place during the month

May 3 cash sales sh 120, 000

May 11 paid sh. 7,500 cash in respect to wages

May 16 received a cheque of sh. 250,000 from a debtor

May 26 withdrew sh. 25,000 from bank for office use.

May 29 paid sh. 97,000 cash to creditor

Prepare a two column cash book (4mks)

20. Explain the following terms as used in insurance

- a) Surrender value.....  
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  - b) Beneficiaries.....  
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  - c) Re – insurance.....
  - d) Cover note.....  
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- (4mks)

21. Match the following description of errors with the type of errors made when keeping books of accounts (4mks)

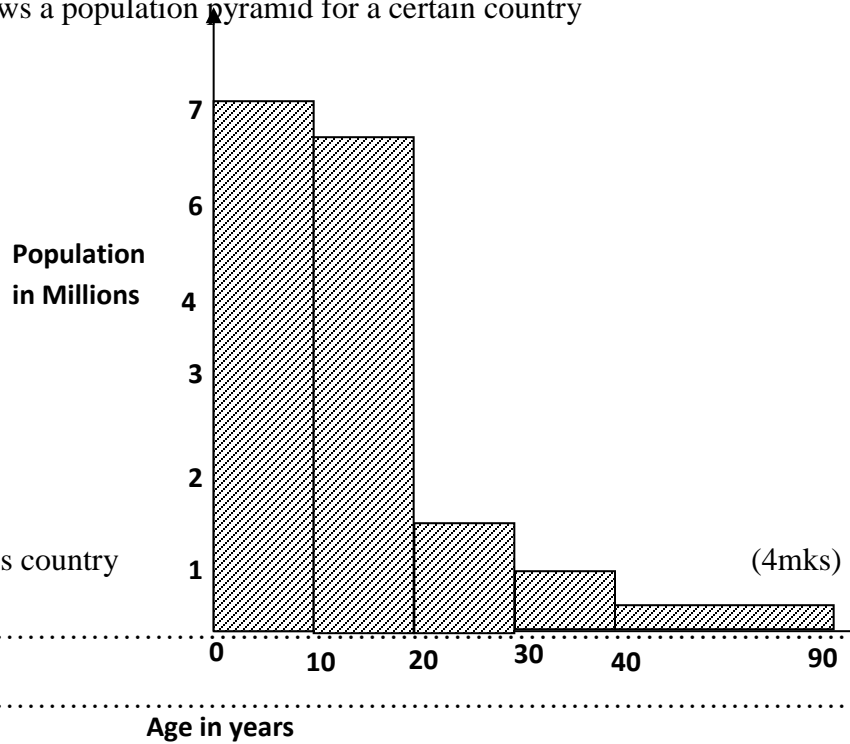
| Description   | Error type |
|---|------------|
| (a) Occurs where errors is both the debit and credit balances are of equal amounts              |            |
| (b) Occurs where a transaction is not recorded at all in the books                              |            |
| (c) Occurs when entries are made in the wrong class of accounts                                 |            |
| (d) Occurs where both the debit and credit entries are made using similar but erroneous figures |            |

22. Give **three** reasons why the per capita income of a country may not change (3mks)

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23. The diagram below shows a population pyramid for a certain country



Give **four** challenges facing this country

(4mks)

24. Show the accounts to be debited or credited for the following transactions

(4mks)

| Transaction   | debited | credited |
|---|---------|----------|
| (a) Paid wages in cash                                |         |          |
| (b) Took business cash for private use                |         |          |
| (c) Purchased office equipment on credit from Sao Ltd |         |          |
| (d) Paid telephone bill by cheque                     |         |          |

25. Give four reasons for the increased use of mobiles phones in banking. (4mks)