**NAME: …………………………………. ADM NO: …………………**

**DATE: …………………………………...CLASS: …………………….**

**BUSINESS STUDIES**

**PAPER 1**

**FORM 4 JANUARY 2023 TERM 1 OPENER EXAMTIME: 2 HOURS**

**INSTRUCTIONS:**

**ANSWER ALL THE QUESTIONS IN THE SPACES PROVIDED**

1. State the term given to each of the following statements. (4mks)
2. Activities carried out with an aim of making profit ………………………
3. Increasing the usefulness of a good or a service ………………………….
4. Movement of goods from producers to consumers ……………………….
5. A person who uses a good or service ……………………………………..
6. State four essentials of a warehouse. (4mks)
7. ……………………………………………………………………………..
8. …………………………………………………………………………….
9. …………………………………………………………………………….
10. …………………………………………………………………………….
11. State four types of business activities. (4mks)
12. …………………………………………………………………………….
13. …………………………………………………………………………….
14. …………………………………………………………………………….
15. …………………………………………………………………………….
16. Highlight four methods of determining price of a commodity in a market. (4mks)
17. …………………………………………………………………………….
18. ……………………………………………………………………………
19. ……………………………………………………………………………
20. ……………………………………………………………………………
21. The following information relates to Ochieng traders as at 31st December 2021.

Details Shs.

Total drawings 40,000

Added investments 80,000

Capital on 31st December 2021 700,000

Profit 310,000

Calculate Ochieng’s initial capital. (4mks)

1. Outline four characteristics of labor as a factor of production. (4mks)
2. ……………………………………………………………………………
3. ……………………………………………………………………………
4. ……………………………………………………………………………
5. ……………………………………………………………………………
6. State four causes of declining population. (4mks)
7. …………………………………………………………………………….
8. …………………………………………………………………………….
9. …………………………………………………………………………….
10. …………………………………………………………………………….
11. Highlight four advantages of government involvement in business activities. (4mks)
12. ……………………………………………………………………………..
13. ……………………………………………………………………………..
14. ……………………………………………………………………………..
15. ……………………………………………………………………………..
16. Highlight four functions of a pro-forma invoice. (4mks)
17. ……………………………………………………………………………..
18. ……………………………………………………………………………..
19. ……………………………………………………………………………..
20. ……………………………………………………………………………..
21. State four reasons why a communication process can suffer a break down. (4mks)
22. …………………………………………………………………………….
23. …………………………………………………………………………….
24. …………………………………………………………………………….
25. …………………………………………………………………………….
26. The following is a format of a debit side of a three -column cash book.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Date**  |  | **V** | **W** | **X** | **Y** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

Name the columns labelled V, W, X and Y. (4mks)

1. V is …………………………………………………………………..
2. W is ………………………………………………………………….
3. X is …………………………………………………………………..
4. Y is …………………………………………………………………..
5. State four disadvantages of rail transport. (4mks)
6. ………………………………………………………………………..
7. ……………………………………………………………………….
8. ……………………………………………………………………….
9. ……………………………………………………………………….
10. Outline four ways in which a developing country like Kenya may benefit from entrepreneurship. (4mks)
11. ………………………………………………………………………..
12. ……………………………………………………………………….
13. ……………………………………………………………………….
14. ………………………………………………………………………..
15. State four roles played by intermediaries in a chain of distribution. (4mks)
16. ………………………………………………………………………..
17. …………………………………………………………………………
18. …………………………………………………………………………
19. ………………………………………………………………………….
20. State four benefits of advertising to a consumer. (4mks)
21. ………………………………………………………………………….
22. ………………………………………………………………………….
23. ………………………………………………………………………….
24. ………………………………………………………………………….
25. Classify the following staff as either a subordinate, junior or management. (4mks)
26. Office cleaner …………………………………
27. Executive officer …………………………………
28. Office messenger …………………………………
29. Director …………………………………
30. Outline four problems associated with the output approach in measurement of national income. (4mks)
31. …………………………………………………………………………..
32. …………………………………………………………………………..
33. …………………………………………………………………………..
34. …………………………………………………………………………..
35. Outline four characteristics of a state-owned corporation. (4mks)
36. …………………………………………………………………………..
37. …………………………………………………………………………..
38. …………………………………………………………………………..
39. ………………………………………………………………………….
40. Highlight four characteristics of economic resources. (4mks)
41. …………………………………………………………………………..
42. …………………………………………………………………………..
43. …………………………………………………………………………..
44. …………………………………………………………………………..
45. On 1st January 2017, Mr Nyachae started a business with Sh.10,000 in cash. The following transactions took place during the first week.

2nd January-deposited Sh. 5000 in the bank.

3rd January- purchased stationary worth Sh.1000 in cash

4th January- bought goods worth 2000 by cheque.

Record the transactions in the relevant ledger accounts. (4mks)

1. Outline four risks against which a shopkeeper may insure. (4mks)
2. …………………………………………………………………………………
3. …………………………………………………………………………………
4. …………………………………………………………………………………
5. …………………………………………………………………………………
6. State four external diseconomies of scale. (4mks)
7. …………………………………………………………………………………
8. …………………………………………………………………………………
9. …………………………………………………………………………………
10. …………………………………………………………………………………
11. Highlight four demographic factors that a manufacturer may consider before setting up a business. (4mks)
12. …………………………………………………………………………………
13. …………………………………………………………………………………
14. …………………………………………………………………………………
15. …………………………………………………………………………………
16. In the spaces provided, state whether each of the following transactions will increase, decrease or have no effect on capital. (4mks)

|  |  |
| --- | --- |
| **Transaction**  | **Effect on capital** |
| 1. Owner invested more money into the business
 |  |
| 1. Owner withdrew stock for personal use.
 |  |
| 1. Paid outstanding wages by cheque
 |  |
| 1. Bough stock on credit.
 |  |

1. Identify the product market represented by the diagram below and label the parts indicated. (4mks)

 A Do

 C

 P

 D1

 B

1. Name –
2. A-
3. B-
4. C-