

GUCHA SOUTH EVALUATION TEST (GSET)

565/1

BUSINESS STUDIES**PAPER 1**

1. Highlight four advantages of using rail transport to transport goods. (4 marks)
2. Outline four limitations of direct production. (4 marks)
3. State four reasons why a business may prefer to use electronic mail instead of postal mail to communicate. (4 marks)
4. Outline four ways in which political stability in a country is of benefit to a business growth. (4 marks)
5. State four types of errors that may be disclosed by a trial balance. (4 marks)

6. The table below shows the changes in population size in Kenya between the year 1999 to the year 2002

Year	Total population
1999	50,000,000
2000	46,000,000
2001	42,000,000
2002	38,000,000

State four factors that might have contributed towards the population trend above. (4 marks)

7. State four external diseconomies of scale. (4 marks)
8. The following information relates to Undugu traders for the year ended 31st December 2015

Average stock	50,000
Rate of stock turnover	3 times
Mark up	20%

From the above information determine :

- i) Cost of goods sold (2 marks)
 - ii) The gross profit (2 marks)
9. Omwega traders had the following balances on 30th June 2009. (5 marks)

Sales	420,000
Motorvan	300,000
Purchases	240,000
Equipments	120,000
Debtors	80,000
Creditors	40,000
Expenses	160,000
Capital	440,000

Prepare a trial balance for Omwega traders as at 30th June 2009. (5 marks)

10. The following balance were extracted from the books of Nyachenge discount centre for the year ended 31st December 2010

Cash	20,520
Bank	160,230
Premises	800,000
Debtors	40,000
Creditors	40,000
2 year loan	62,000
Stock	2500

Prepare a balance sheet as at 31st December 2010. (5 marks)

11. Mention any four sources of government revenue. (4 marks)
12. Identify three advantages of a sole proprietorship. (3 marks)
13. Highlight the five stages of obtaining an insurance policy cover. (5 marks)
14. State four sources of monopoly power. (4 marks)
15. Highlight four internal weaknesses that may affect business performance. (4 marks)
16. For each of the following transactions given below indicate in the appropriate columns the source document and the book of original entry. (4 marks)

Transaction	Source document	Book of original entry
Purchase of goods on credit		
Sale of desks on credit		
Payment to a creditor		
Goods returned by a client		

17. Identify three functions of a proforma invoice. (3 marks)
18. Outline four reasons that may make it difficult to realise the satisfaction of human wants. (4 marks)
19. State three reasons that make people hold onto money in form of cash. (3 marks)
20. State four reasons why most companies have adopted the use of road shows to promote their products. (4 marks)
21. Recent studies have shown that the Kenya's national income has been growing steadily. Give four reasons to account for this. (4 marks)
22. Outline four emerging trends in office management. (4 marks)
23. Highlight four ways through which demand-pull inflation may be controlled. (4 marks)
24. State four benefits of a bonded warehouse to the government. (4 marks)
25. The following transaction refer to Ratemo Traders for the month of December 2015.

Dec. 2nd	Cash sales Ksh.30,000
" 8	Took cash Ksh.15000 to bank
" 10	Withdrew Ksh.10,000 from bank for office use

Prepare a two column cash book and balance it off as at 31/12/2015. (4 marks)