

GEM SUB-COUNTY FORM 4 JOINT EVALUATION**565/1****BUSINESS STUDIES****PAPER 1**

1. Outline four reasons why cash payment is preferred to cheque payment. (4 marks)
2. Identify four types of insurance policies relevant to a supermarket owner. (4 marks)
3. Outline four challenges that a firm would experience as a result of expansion of the entire industry in which it is found. (4 marks)
4. Outline four factors that affect business activities and which the business has control over. (4 marks)
5. Outline four features of a good filing system in a firm. (4 marks)
6. For each of the following transactions indicate the account to be debited or credited.

Transaction	A/C debited	A/C credited
a) Received discount from Top suppliers		
b) Allowed discount to Shujaa Traders		
c) Sold furniture to Owuor on credit		
d) Took stock worth sh.200 for personal use		

7. State four advantages of using the internet as a means of communication. (4 marks)
8. Highlight four ways in which transport is important to a business. (4 marks)
9. State four circumstances under which a producer would sell his goods directly to the consumer. (4 marks)
10. State four characteristics of basic human wants. (4 marks)
11. In the spaces provided state the source document for each of the subsidiary books given below. (4 marks)

Subsidiary book	Source document
a) Sales Journal	
b) Purchases journal	
c) Returns inwards journal	
d) Returns outwards journal	

12. State four advantages of using direct taxes to collect revenue in a country. (4 marks)
13. Identify the type of utility created by the following activities. (4 marks)

Activities	Utility
i) Keeping heavy clothes till rainy day	
ii) A student buying a text book from a bookshop	
iii) Transporting bread to a school canteen	
iv) Making lockers for students	

14. The following formula is used in National Income Computation.

$$Y = C + I + G + (X - M)$$

Identify what each of the following letters stand for, C, I, G & M

15. The table below relates to four different businesses, insert the correct values for A, B, C and D. (4marks)

Firm	Assets	Capital	Liabilities
1	2,310,642	A	486,932
2	B	40,385	96,483
3	941,682	31,685	C
4	3,104,611	D	395,348

16. The population of the youth in country X is likely to be $\frac{3}{4}$ of the total population in ten years time. Highlight four challenges

this country will face at this point in time.

(4 marks)

17. Highlight four factors that determine the amount of money held by an individual for transaction motive.

(4 marks)

18. The following information relates to Kembe Traders as at 31st December 2008

(4 marks)

Rate of stock turnover 3 times

Mark up 20%

Opening stock sh.160,000

Closing stock sh.200,000

Required : Determine

i) Gross profit

ii) Sales

19. Outline the procedure followed in personal selling.

(4 marks)

20. State four reasons why an entrepreneur needs to prepare a business plan.

(4 marks)

21. State four reasons why parastatals perform poorly in Kenya.

(4 marks)

22. Highlight four features of a public warehouse.

(4 marks)

23. Identify four methods through which the government gets involved in business.

(4 marks)

24. State four limitations of trade restrictions to a country.

(4 marks)

25. The following balances were extracted from the books of Highway stores on 31st Dec. 2015

<u>Items</u>	<u>Shs.</u>
Land and buildings	650,000
Stock	470,000
Bank overdraft	80,000
Debtors	350,000
Ten year loan	500,000
Creditors	220,000
Cash	50,000
Motovan	150,000

Required :

i) Prepare a balance sheet for Highway Stores as at 31st Dec. 2015.

(4 marks)