NAME…………………………………………………………………….

INDEX NO………………………… CLASS …………………. DATE……………………..

GATITU DAY MIXED SEC SCHOOL

BST PP1

TRIAL2 EXAM

TIME: 2HRS

**INSTRUCTIONS**

Answer all the question in the spaces provided.

1. 1. State four ways in which office documents can be reproduced. (4mks)
2. Highlight four advantages associated with running a tied shop. (4mks)
3. Outline four functions of the Kenya National chamber of Commerce and Industry. (4mks)
4. Outline the salient features of firms under oligopoly market structure. (4mks)
5. State four factors that may determine the amount of premium in life assurance. (4mks)
6. State four factors determine the amount of money held for transaction motive. (4mks)
7. Below are some of the factors that influence the operations of a business. Indicate with tick (√) in the appropriate column, the business environment associated with each of the factor. (4mks)

|  |  |  |
| --- | --- | --- |
| factors | Internal environment | External environment |
| Customers taste |  |  |
| Goals and objectives of the business |  |  |
| Exchange rates |  |  |
| Personal skills and knowledge |  |  |

8. Highlight four negative implications of a rapid population growth rate on a country development. (4mks)

9. Name the source document to which each of the following descriptions relate. (4mks)

Descriptions source document

a) Issued by a seller to buyer for cash paid

b) Used for processing and authorizing payment

c) Sent to a credit buyer to demand payment

d) Used to correct an undercharge in the invoice

10. Give four characteristics of labour as a factor of production. (4mks)

11. State four factors that limit the efficiency of cooperative societies in delivering services to their members. (4mks)

12. Outline four benefits that consumers get from warehousing. (4mks)

13. Company X has opened a factory in rural area. State four ways in which the community may benefit from the location of this factory. (4mks)

14. For each of the following transactions, state the account to be debited and the account to be credited. (4mks)

|  |  |  |
| --- | --- | --- |
| Transaction | Account to be debited | Account to be credited |
| Donated personal savings in cash to the business. |  |  |
| The owner took some stock home for family use. |  |  |
| Bought goods for sale from Mjengo wholesalers and paid by cash. |  |  |
| Received a cheque from a customer who had bought goods on credit. |  |  |

15. Outline four advantages of buying goods on hire purchase. (4mks)

16. The following information relates to Nyeri Traders for the year ended 31: 12: 2008.

Margin 2%

Sales sh. 400,000

Expenses sh. 60,000

Revenue sh. 20,000

Calculate

a) Mark up percentage. (1mk)

b) Net profit of Nyeri traders for the year ended 31st December 2008. (3mks)

17. Give four reasons why the Kenyan government levies taxes. (4mks)

18. State four ways in which the nature of goods would influence the choice of transport. (4mks)

19. Highlight four possible causes of decrease in demand for a product. (4mks)

20. Outline four uses of national income statistics to a country. (4mks)

21. Highlight four obstacles that could result in ineffective communication between management and employees in a business organization. (4mks)

22.Classify the following business items as either current Assets, fixed assets, current liabilities or long term liabilities. (4mks)

|  |  |
| --- | --- |
| Business item | Classification |
| Debtors |  |
| Stationery |  |
| Bank overdraft |  |
| Rent expense due |  |

23. In the two column given below , enter the missing figures (4mks)

Nyeri Traders

Two column cash book

For the month of may 2000

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | cash | bank | date | details | cash | Bank |
| 1/5/2000 | Bal b/d | (i) |  | 1/5/2000 | Balance b/d |  | 8,200 |
| 9/5/2000 | Sales |  | 40,000 | 7/5/2000 | purchase | 6000 |  |
| 13/5/2000 | Debtors |  | 19,800 | 10/5/2000 | Creditors |  | 11,400 |
| 18/5/20000 | Bank(c) | (ii) |  | 18/5/2000 | Cash (c) |  | 9,200 |
| 25/5/2000 | Equipment | 19.200 |  | 31/5/2000 | Balance c/o | (iii) | (iv) |
|  |  | 38,400 | 59,800 |  |  |  | 59,800 |

24. Give four objectives of product promotion. (4mks)

25. Highlight four reasons why Kenya has not fully utilized her natural resources. (4mks)