**ELERAI MCK GIRLS SECONDARY SCHOOL**

**BUSINESS FORM 4**

**Answer all the questions**

1. Highlight any four reasons why people start businesses (4mks)
2. State any four circumstances under which a trader would issue a credit note (4mks)
3. The following information relates to luore Traders for the year ended 31st Dec 2010.(4mks)

She.

Sales 150,000

Opening stock 25,000

Purchases 130,000

Mark up 25%

Prepare a trading Account.

1. Indicate the type of journal in each of the following transactions would be recorded.(4mks)

|  |  |
| --- | --- |
| **Transaction** | **Type of journal** |
| 1. Motor van sold on credit 2. Goods sold for cash. 3. Goods previously sold on credit were returned 4. Goods bought on credit. |  |

1. Highlight any four circumstance under which personal selling may be preferred as a method of product promotion (4mks)
2. State any four reasons why insurance companies find it necessary to re-insure (4mks)
3. State any four negative effects of over population in a developing country (4mks)
4. Give four advantages of buying goods from a departmental stores.(4mks)

Sadak traders

Balance sheet

As at 30th June 2011

|  |  |
| --- | --- |
| Sh  Capital 100,000  Creditors 20,000  Bank overdraft 60,000    180,000 | Sh  Furniture 90,000  Debtors 40,000  Cash 50,000    180,000 |

The following transaction took place during the month of July.

Received cash sh 30,000

Paid creditors sh 20,000 cash

Bought office equipment for sh 40,000 cash

Prepare a balance sheet as at 30th July 2010 (4mks)

1. Highlight four factors that may limit the use of land as a natural recourse for production (4mks)
2. State four reasons why new industries tend to be attracted to well established towns (4mks)
3. Give four disadvantages of a long chain distribution of goods to a buyer (4mks)
4. State any four characteristics of under development (4mks)
5. State any four reasons why solar power in increasingly becoming popular as an alternative source of energy (4mks)
6. List any four factors that should be considered when evaluating a business opportunity (4mks)
7. Outline four benefits that consumers’ co – operatives offer to their members (4mks)
8. Outline four circumstances under which a bill of exchange would be preferred to a promissory note as a means of payment (4mks)
9. State four uses of two column cash book (4mks)
10. State any four disadvantages of operating a sole proprietor-ship form of business.
11. In the spaces provided name the types of business organization described by each of the following

features. (4mks)

|  |  |
| --- | --- |
| Description | Business organization |
| a)each member has only one role |  |
| b) The business enjoys perpetual succession. |  |
| c)each member may act on behalf of the business |  |
| d) Formed by an act of parliament. |  |