

CHAVAKALI HIGH SCHOOL

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FORM IV BUSINESS STUDIES

ASSIGNMENT

Instructions;

1.The assignment is in two parts : **A**-short answer questions and **B**-paper 2 format questions.

2.Answer **all** questions on separate full scaps.Answer sheets to be submitted on return date.

PART A

1 Identify the types of wholesalers described in the statements given below: (4 marks)

- (a) A wholesaler who trades in maize grain only.
- (b) A wholesaler who supplies goods to most of the traders in Kitui, Mbooni and Machakos districts in the Eastern part of Kenya.
- (c) A wholesaler who buys tomatoes from farmers in rural areas and sells the same to other wholesalers in urban areas.
- (d) A wholesaler who trades in a wide variety of human medicine.

2 Outline **four** factors that should be considered before buying office equipment. (4 marks)

3 Outline **four** malpractices by traders against which consumers may need protection by the government. (4 marks)

4 State **three** features of an insurable interest. (3 marks)

5 Outline **four** ways of reducing the level of unemployment in Kenya.(4 marks)

6 State **four** services offered by a commercial bank to its consumers.(4 marks)

7 List **four** sources of public finance.(4 marks)

8 Outline **four** reasons why countries may trade with each other.(4 marks)

9 State **four** reasons why economic development is desirable to a country.(4 marks)

10 Indicate the reward associated with each of the factors of production in the table below. (4 marks)

	Factor of Production	Reward
a	Land	
b	Labour	
c	Capital	
d	Entrepreneurship	

11 Outline **four** circumstances under which a co-operative society may be dissolved. (4 marks)

12 Highlight **four** features of a bonded warehouse. (4 marks)

13 Outline **four** factors that may be considered when measuring the size of a firm. (4 marks)

14 The following transactions were extracted from the books of Sarah Traders for the month of March 2006. March 10: Purchased goods on credit worth Ksh 200 ,000 from Salim Traders March 25: Sold goods on credit worth Ksh 420,000 to Shah Traders Record the above transactions in the ledger accounts below: (4 marks)

(a) Salim Traders Account

(c) Shah Traders Account

(b) Purchases Account

(d) Sales Account

15 On 2nd November 2006, Oromo received an invoice for Ksh 12,000. Terms of payment were trade discount 5% and cash discount 10%, if payment is made Within 30 days. Determine the amount paid if payment was made on 28th November 2006. (4 marks)

16 The following balances were extracted from the books of Nafula Traders as at 31st December 2005.

	Ksh
Current Liabilities	150,000
Net profit	50,000
Total assets	500,000
2 years Bank loan	100,000

Calculate the rate of return on capital. (4 marks)

17 The information given below was extracted from the books of Amina Traders on 31st December 2006.

	Ksh
Purchases	260,000
Opening stock	75,000
Carriage on purchases	12,500
Closing stock	27,500
Goods were sold at a mark-up of 25%.	

Using the information given above, prepare Amina Traders' Trading Account. (4 marks)

18 State **four** benefits that a farmer may get by transporting produce to the market by road. (4 marks)

19 The table given below represents the supply schedule of sukuma wiki (kales) for eight weeks in the months of January and February 2009.

WEEK	1	2	3	4	5	6	7	8
QUANTITY (METRIC TONNES)	505	485	430	375	340	290	215	195

Outline **four** causes of the trend in the table. (4 marks)

20 Outline **four** ways in which households contribute to national income of a country. (4 marks)

21 Outline **four** circumstances in which a trader may use oral communication. (4 marks)

22 Outline **four** reasons why a firm may remain small. (4 marks)

23 On 1st January 2007, Muthoni Traders Cash Book showed a credit balance of Ksh 150,000 at the bank and a debit balance of Ksh 25,250 in hand. During the month, the following transactions took place:

**Kisumu Auto Spares
Trial Balance
As at 31st Oct 2011**

	DR	CR
Capital		653,560
Motor vehicle	603,000	
Equipment	200,600	
Furniture	94,400	
Debtors	75,900	
Creditors		74,300
Carriage on sales	14,400	
Discount Received		26,400
Salaries	12,400	
Rent Income		12,600
Sales		319,400
Purchases	300,000	
Advertising	22,200	
Rates	9,400	
Stock 1-11-2010	61,500	
Bank		412,600
Cash	<u>105,060</u>	
TOTAL	<u>1,498,860</u>	<u>1,498,860</u>

Stock on 31stOctober 2011 was sh. 80,200

Required,

(i) Prepare Trading ,Profit and Loss account for the year ended 31stOct 2011

(ii) Prepare Balance sheet as at 31stOctober 2011 (12mks)

20 marks

3.

a) Explain Five circumstances under which a manufacturer would find it advisable to distribute his goods through wholesalers. (10mks)

b) Explain five functions of the central bank of Kenya in the Economy. (10mks)

20 marks

4.

a) Distinguish between shares and debenture as a source of finance. (10mks)

b) Outline five circumstances under which a firm will be located near the market for its products. (10mks)

20 marks

5.

a) The following information relates to Bizna Distributor Company for the year ended 31stDec 2009

	<u>shs</u>
Gross profit	600,000
Opening stock	285,000
Sales	2,400,000
Purchases	1,830,000
Expenses	360,000
Closing stock	315,000
Fixed assets	400,000
Debtors	900,000
Bank	35,000
Current liabilities	438,000

Required calculate

i) Margin (2 ½ mks)

ii) Rate of stock turnover (2 ½ mks)

iii) Return on capital employed (2 ½ mks)

iv) Current ratio (2 ½ mks)

b) Explain five ways in which the Entrepreneur contributes to the production of goods. (10mks)

20 marks

6.

a) Describe five means of payment that a trader may use to settle business debts. (10mks)

b) Explain five indicators of under development in Kenya. (10mks)

20 marks

NOTE: *Chavakali school wishes you well during this trying moment, care begins with yourself God protect you.*