

Form 4 BUSINESS STUDIES

April 2020 Form 4

1. a. Kasiva a coffee farmer in Nduni village wants to join Muthunzuuni farmers' co-operative society. Explain five benefits that would accrue to her as a result of being a member of the society. (10marks)
- b. Explain five roles played by advertising agencies. (10marks)
2. a. Kenya is looking forward to the realization of vision 2030, explain five obstacles that may hinder the efforts made towards this dream. (10marks)
- b. Explain five reasons why a properly drawn cheque may be dishonoured. (10marks)
3. a. The following trial balance relates to Nthoi's enterprise as at 31st December 2011

	DR	CR
	Shs.	Shs.
Drawings	60,000	
Land + buildings	700,000	
Cash in bank	115,000	
Stock 1.1.2011	18,000	
Purchases and Sales	500,000	1,000,000
Debtors and Creditors	46,000	92,000
Salaries and wages	85,000	
Carriage inwards	9,000	
Carriage outwards	12,000	
Motor vehicles	400,000	
Capital		909,000
Water and lighting	36,000	
Insurance	40,000	
Returns	30,000	50,000
	<u>2,051,000</u>	<u>2,051,000</u>

Stock on 31st December 2011 was valued at kshs. 25,000.

- Required; prepare Nthoi's Trading Profit and Loss Account for the year ended 31st December 2011. (10marks)
- b. Explain five benefits that may accrue to a firm as a result of operating on large scale. (10marks)
 4. a. Explain five circumstances under which a producer of a certain commodity may find it appropriate to sell his goods directly to the consumer. (10marks)
 - b. Highlight five reasons why a country would be reluctant to adopt free trade policy with her trading partners.
 5. a. Explain five sources of short term finance to a business organization.
 - b. The following transactions took place during the month of January 2011 in Mulei Traders business. On 1st Jan 2011 he had sh. 180,000 cash in hand and a bank credit balance of sh. 57,500
- Jan 3rd – cash sales sh. 21,800
- 4th – A debtor settled his account of sh. 90,000 by cheque.
- 10th – Paid salaries in cash sh. 40,000
- 12th – Took cash sh. 3,500 to settle a personal debt. 23rd – Received a cheque sh. 8460 from Ngando wholesalers after deducting
- 6% cash discount. 24th – Deposited sh. 10,000 in bank from cash till. 25th – Purchased stock worth sh. 8950 on credit from Ngumo distributors.
- 26th – Cash sales directly banked sh. 38,000
- 27th – A cheque received on 4th from debtors was dishonoured. The bank charged him sh. 2500. 29th – Settled creditors account sh. 6000 by cheque less 3 % cash discount.
- 31st – Banked all cash except sh. 40,000.

Required- prepare Mulei trader's three column cash book dully balanced.

(10mks)