BUSINESS STUDIES FORM FOUR
ASSIGNMENT 2020
TOPIC: GOVERNMENT AND BUSINESS AND PUBLIC FINANCE

1. Highlight **five** reasons for government's involvement in business activities. (5mks)

2 Outline **five** reasons why the government issues licences to traders.(5mks)

3 Outline **four** functions of commercial attaches. (4mks

4 Highlight **four** activities that the government can carry out to promote internal trade. (4mks)

5 State **five** ways in which the government can create an enabling environment for business to thrive. (5mks)

6 Highlight **four** demerits of government involvement in business (4mks)

7 Outline **five** reasons why the government needs to protect consumers.(5mks)

8 Outline **five** government initiated methods used to protect consumers from producers and business people. (5mks)

9 Highlight **four** limitations of consumers initiated methods in consumer protection. (4mks)

10 Explain **five** purpose of public finance. (5mks)

11 State **five** sources of public finance (5mks)

12 Using relevant examples, differentiate reproductive debt from dead-weight debt. (4mks)

13 Explain the **three** categories of government expenditure (3mks)

14 State **five** principles of public expenditure (5mks)

15 Outline **five** reasons why the government imposes taxes. (5mks)

16 Explain **five** principles of taxation (5mks)

17 State **five** merits of direct taxation (5mks

18 Highlight **five** demerits of indirect tax. (5mks

19 Thika traders sells goods at a mark-up of 25%. Stock on 1st January 2015 was sh.40,000 and on 31st December 2015 stock was worth sh.600,000. The rate of stock turn over was 5 times.
Required:
Prepare Thika Traders Trading account for the year ended 31st December 2015. (5mks

20 The following trial balance was extracted from the books of Kipande Traders as at 30th June 2015 (12mks)

Kipande Traders
Trial Balance
As at 30th June 2015

	Dr	Cr
Premises	1,500,000	
Debtors and creditors	20,000	30,000
Cash at bank	90,000	
Cash in hand	10,000	
Purchases and sales	140,000	320,000
Stock of goods on 1st July 2014	45,000	
Discounts	6,000	2,000
Salaries and Wages	50,000	
Commissions		8,000
Power and lighting	12,000	
Returns	15,000	19,000
Carriage inwards	5,400	
Carriage outwards	2,300	
Capital		1,543,700
Furniture	27,000	
	1,922,700	1,922,700

Additional information: stock of goods on 30th June 2015 was worth sh.22,000
Required: Prepare the Trading and Profit and Loss accounts for the year ending 30th June 2015 and a balance sheet as at 30th June 2015.

TOPIC: MONEY & BANKING & INFLATION

1. Explain **five** limitations of barter trade (5mks)

2 State **five** characteristics of money. (5mks)

3 Outline **four** factors that determine the amount of money to he held for precautionary motive. (4mks)

4 Differentiate demand for money from supply of money. (2mks)

5 Outline **three** sources of profits for commercial banks. (3mks)

6 Explain **five** services offered by commercial banks. (5mks)

7 State **four** facilities through which commercial banks can transfer money.(4mks)

8 State **four** advantages of operating a current account. (4mks)

9 Highlight **five** disadvantages of a fixed deposit account. (5mks)

10 Outline **four** functions of insurance companies. (4mks)

11 Outline **five** differences between commercial banks and non-banking financial institutions. (5mks)

12 Explain **five** functions of the central bank. (5mks)

13 Outline **five** advantages of m-banking to a customer. (5mks)

14 The average consumer price of 1kg tin of cooking oil for various years is shown below.

Year	Consumer price (sh)
2006	80
2007	100
2008	115
2009	140

Calculate the consumer price index using 2006 as the base year. (4mks)

15 Outline **five** causes of demand-pull inflation. (5mks

16 Explain **five** causes of cost-push inflation. (5mks)

17 State **three** levels of inflation. (3mks)

18 Highlight **five** negative effects of inflation. (5mks)

19 Explain **five** tools of monetary policy that the government can use to control inflation. (5mks)

20 Outline **three** fiscal policy measures that may be used to control inflation.(3mks)

21, Highlight **four** statutory measures instituted by the government to control inflation. (4mks)

22 The following Trial balance was extracted from the books of Kathuni Traders on 30th April 2016.

	Dr (sh)	Cr (sh)
Sales		427,000
Purchases	345,000	
Returns	17,000	20,000
Land and buildings	640,000	
Carriage in	12,000	
Carriage out	8,000	
Commissions		32,000
Stock 1st May 2015	54,000	
Loan from Biashara bank		250,000
Discounts	16,000	29,000
Insurance	21,000	
Salaries	18,000	
Drawings	37,000	
Motor vehicles	400,000	
Furniture	70,000	
National Bank loan		360,000
Debtors/creditors	82,000	95,000
Bank		67,000
General expenses	15,000	
Cash in hand	35,000	
Capital		490,000

Stock on 31st April 2016 was valued as sh.75,000

Prepare: ***(10mks)***

a) Trading, profit and loss account for the period ended 30th April 2016

b) Balance sheet showing:
   - i) Fixed assets
   - ii) Current assets
   - iii) Long term liabilities
   - iv) Current liabilities