

LASJET EXAMINATIONS
FORM FOUR PAPER TWO END OF TERM ONE 2020

1.a) Explain five factors that an entrepreneur would consider when evaluating a business idea (10mks)

b) Explain five factors that should be considered when choosing means of communication (10mks)

2.a) Describe five features of good money (10mks)

b) Explain five measures that the government may use to curb undesirable levels of inflation (10mks)

3.a) Discuss five factors that have limited the practice of barter trade in Kenya (10mks)

b) The following information relates Ndonga Traders for the month of Jan 2015.

Jan 1: Sold goods on credit worth Ksh. 100,000 to Maina, invoice No. 101

Jan 2: Sold goods to Wema traders on credit worth Ksh. 50,000 invoice No. 102

Jan 3: Maina returned goods of Ksh. 20000, credit note No. 206

Jan 4: Wema traders returned goods worth Ksh. 5000, credit note No. 207.

Required:

Prepare relevant journal entries, record the above transactions and then post to the relevant ledger accounts (10mks)

4.a) State and explain five principles of insurance (10mks)

b) One of the reasons of government involvement in business activities is to regulate demand and supply of commodities. Explain five ways through which the government may cause a decrease in the supply of a commodity (10mks)

5. Study the balance sheet and answer the following questions below

MAVOKO TRADERS

BALANCE SHEET

As at 31st Dec 2000

<u>Fixed assets</u>		Capital	422,930	
Premises	300,000	Add Net profit	220,500	
Furniture	51,500	Less drawings	<u>(175,000)</u>	468,450
Machinery	140,000			
Motor car	190,000	(681,500)	LTL	
<u>Current Assets</u>			Mortgage loan	300,000
Stock	124,500		Bank loan	100,000
Debtors	103,650		<u>Current liabilities</u>	
Cash at bank	54,850		Creditors	99,720
Cash at hand	3,650	(286,650)		
		<u>968,150</u>		<u>968,150</u>

Calculate:

i) Working Capital (WC) (2mks)

ii) Return on capital (ROC) (2mks)

iii) Borrowed capital (2mks)

iv) Current ratio (2mks)

v) Quick ratio (2mks)

b) The new devolved government of Kenya aims at decentralizing government and business activities. Discuss any five advantages associated with this type of government (10mks)

6.a) Explain four characteristics of an underdeveloped economy (8mks)

b) The following trial balance belongs to Kipevu traders as at 30th June, 2004

KIPEVU TRADERS

Trial balance as at 30th June 2004

	Dr.(shs)	Cr. (shs)
Stock on 30/6/03	40,000	
Capital		162,300
Purchase and sales	35,000	70,000
Drawings	6,000	
Furniture and fittings	20,000	
Motor vehicles	150,000	12,000
Debtors and creditors	8,000	4,800
Returns	2,000	800
Discount	900	
Wages and salaries	15,000	
Rent	3,500	
Insurance	2,100	
Commission	400	
Bank		3,000
Cash	<u>6,000</u>	
	<u>252,900</u>	<u>252,900</u>

Required : i) Prepare a trading profit and loss account and

ii) Prepare a balance sheet as at 30th June 2004 (12mks)