

565/1

BUSINESS STUDIES PP1 MS

Instructions to Candidates

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) This paper consists of 25 questions.
- (d) Answer ALL questions in the spaces provided
- (e) This paper consists of 8 printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing
- (f) Candidates should answer the questions in **English**

For Examiner's Use Only

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Marks															

Questions	16	17	18	19	20	21	22	23	24	25
Marks										

TOTAL MARKS

Turn Over

1 - 5 MR OGUN
6 - 9 MR OSING
10 - 13 MR ADIOLA
14 - 17 MR JUMA
18 - 21 MR OMBANO
22 - 25 MR NEDUNDE

1. Ways in which manufacturers enhance consumer protection
 - Indicating expiry dates on products
 - Indicating the recommended retail prices
 - Indicating any side effects of the product
 - Ensuring that their agents are ethical
 - Avoiding misleading advertisements
 - Giving guarantee to customers on durable electrical appliances which may fail to function.
2. Ways in which government influence price of a commodity
 - Taxation may increase the price
 - Subsidies may reduce the price.
 - Legislation may increase / decrease the price
 - Price control / price ceiling
 - Price decontrol / price liberalization
3. Circumstances under which a firm would be located near the market for its products.
 - When the products are perishable thus require fast delivery
 - When the products are bulky / heavier than the raw materials
 - When the products are fragile to avoid losses through breakage
 - When its cheaper to transport raw materials than the final product
 - When the raw materials are in the same location as the market for the product
 - When it is the government policy that firms locate near their markets
 - When the unit value of the products is high/ may pose security threat during transportation
4. Reasons why most Developing Countries still rely on extractive level of production.
 - Storage of capital
 - Lack of skilled manpower
 - Lack of modern technology
 - Heavy reliance in subsistence production
 - Good climate hence engage in Agricultural production.
 - Natural resources available hence engage in primary production.
5. Benefits of a business that uses e-mail.
 - It is fast in sending and receiving information
 - It is relatively cheap
 - It makes it possible to communicate with persons far away in other continents.
 - Information obtained can be kept as hard as soft copy for future reference.
6. Factors that influence entrepreneurship
 - Infrastructure
 - Presence of credit facilities
 - Information available about markets
 - Government policy of business ownership
 - Level of taxation.
 - Legal controls
 - Political stability

- Security available.
- Level of Technology.

7. Circumstances under which producers may prefer to sell their produce directly to the consumers.

- Where the consumers are localized.
- Where the product is of technical nature
- Where the product is of very high value.
- Where the produce is perishable
- Where the producer has his own retail outlet.
- Where the producer is producing goods as per the customers specification.
- Where true producer requires immediate feedback from consumers.
- Where the level of competition in the market is very high.
- Where the level of production is very low
- Where the consumers prefer buying directly from the producers.
- Where the producer does not want to share the profits with middlemen.
- Where that is a government policy.

- Better use of available resources.

8. Forms of consumer exploitation.

- Very high prices for products
- Inferior quality good
- Misleading information about a product misleading advertisements.
- Harmful products

- Hoarding of products
- Breach of contracts

9. A sole proprietor business may be dissolved.

- If the owner decides to transfer the business to another person.
- If a court of law orders that the business be dissolved.
- Where the continued existence of the business is in breach of the law.
- Where time objective for the establishment of the business has been achieved.
- If the owner of the business is declared bankrupt
- If the owner of the business dies.
- If the owner decides to close down the business.
- If the owner becomes incapacitated or insane.
- If the business makes continuous heavy losses.

10. Benefits of warehousing to consumers

- Regular/steady supply of goods at all times
- Wide variety of goods for the consumers to choose from
- Stable prices by releasing adequate volumes of goods to the market to meet consumer demand.
- Preparation of goods for sale through blending, packaging, breaking the bulk, branding.

- Providing goods at convenient locations to the benefit of consumers throughout the market.
- Protection of goods against damage / loss of utility / usefulness
- inspection of goods by government officials to ensure they are fit for human consumption. -Keeping of strategic reserves/buffer stocks to be used in the event of emergencies

11. State the books of original entries in which the following documents are used.(4 mks)

(a) Incoming Invoice	Purchases Journal
(b) Incoming Receipt	Cash payment journal
(c) Outgoing Credit Note	Returns journal
(d) Outgoing Invoice	Sales journal

12. Benefits of localization

- Common pool of labour
- Improved infrastructure
- Attract large population / market
- Proper disposal of waste
- Development of subsidiary industries
- Creation of employment
- Development of social amenities

13. Roles played by intermediaries

- Reducing transactions: Lower the numbers of interactions between the producers and the final consumers
- Breaking bulk; Package the goods in small volumes as desired by the customers
- Accumulating bulk ; Buy small volumes of goods from small scale producers and then sell the gathered large quantities to the large scale cusforces e.g. maize
- Provide variety of goods; Stock a wide variety of goods from varieties producers for the consumers to choose from
- Storage; Keep goods in safe conditions until demand arises leading to fairly stable prices
- Transport; Have goods to locations that are convenient to the customers
- g) Feedback ; Pass the information gathered from consumers to the producers
- h) Risk – taking
- distributions

14. Ways to be used by an organization to protect its properties and control.

- Entrancing security against theft.
- Ensuring physical care by people using the property.
- Keeping records of movement and usage of each of the property.
- Taking insurance cover.
- Proper repair servicing and maintenance.

15. Services offered by advertising agencies.

- Help organizations in designing their trade marks, Logos and advertising materials

- Book space and air time for their clients in various media.
- Offer advertising services to their clients on selling techniques.
- Advertise on behalf of their clients the appropriate media to be used.

16. Reasons why Kenya needs to encourage rail transport.

- It is cheap to maintain after construction.
- it is labour saving (Saves labour expenses) as it is capital intensive.
- Large volume of the product is delivered quickly.
- Can deliver the product for 24 hours(24 hr operation)
- Is environmental friendly as pipes are laid underground.
- Reduces accidents on our roads by tankers.
- Reduces congestion on our roads by tankers
- Reduces road damage by tankers.
- Pipes can be laid even in areas of poor topography.
- Perishable goods will go bad.

17. Services rendered by producer cooperative societies to their members.

- Sell firm inputs at fair prices / on credit.
- Give loans at low interest rate.
- Give advice on proper farming methods.
- Carryout research and pass findings to farmers.
- Look for market for their members produce.
- Facilitate payment for farmers.
- Offer transport facilities for their members produce to the factory.
- They process, blend and pack members produce.
- Store members produce awaiting sale.

17. Fill in the blank spaces marked a, b, and c in the table below

Business	Capital	Assets	Liabilities
P	5,500	16,000	10,500
Q	9,300	24,300	15,000
R	11,600	27,600	16,000

- a 10500
- b. 24,300
- c. 11,600

18. Reasons for government participation in business activities

- To generate income
- To attract foreign investment
- To create confidence in the economy
- To venture in business where private sector is not willing to invest due to low profit margins
- To provide essential goods and services
- To invest in areas of national interest

20. Negative consequences of inflation

- Reduction in profits
- Wastage of time
- Conflicts between employers and employees
- Decline in standards of living
- Loss to creditors
- Retardation of economic growth
- Adverse effects on balance of payment
- Loss of confidence in monetary system
- Discourages savings

21. Considerations when choosing a location of an office.

- Space – Should be enough for future expansion.
- Access- Easy to be reached by worker's and clients
- Security- For visitors, workers and equipment/property.
- Support services- Should be available e.g Transport, Insurance, communication etc.
- Public image- Whether location is prestigious or not. Good location depicts a successful firm
- Physical surrounding
- Running costs.

22. Positive effects of declining population

- • Reduced government expenditure
- Enabling a country to attain optimum population.
- Reduce pressure on land and other resources
- Reduce dependency of unemployed on the employed.

23. Reasons why electric trains are not common in Africa

- Inadequacy of capital / poverty
- Shortage of power/ electricity
- Mismanagement of railway transport
- Absence of visionary leadership – not given priority to development of rail transport.

24. Limitation of direct production.

- Possible in limited sectors e.g. agriculture
- Poor quality products
- No income generation
- Limited employment opportunities
- Quantity supplied is low

25.

KIGALI Traders
Trading account
for the year ended 31 nov 2020

	Sh	Sales	400,000
Opening stock	75,000		
+ purchases	260,000		
	335,000		
+ carriage on purchases	12,500		
Cost of goods available for sale	347,500		
- closing stock	27,500		
Cost of sales	320,000		
Gross profit c/d	80,000		
	<u>400,000</u>		<u>400,000</u>
		Gross profit b/d	<u>80,000</u>