**ASUMBI GIRLS HIGH SCHOOL**

**TERM 2– DECEMBER 2021**

**FORM 4 – BUSINESS STUDIES PAPER 1**

**MARKING SCHEME**

**Question one**

* They can’t be postponed
* They are felt needs
* Limited resources
* One can’t do without them

**Question two**

* Nominal account
* Real account
* Creditors
* Private

**Question three**

* They are only two sectors in the economy
* Households spend all their incomes on goods and services produced by the firm
* Firms spend all their revenue on factors of production provided by households
* No government intervention
* The economy is closed

**Question four**

* Facilitates easy collection of revenue
* Control entry of harmful goods
* For easy re-exportation
* To enable inspection of goods
* To collect information on goods entering the country
* Enables the country to control quality and quantity of goods

**Question five**

* Frictional
* Cyclical
* Erratic/casual
* Voluntary

**Question six**

* Overdraft facilities are available
* Payments are made very conveniently because cheques are used
* Not required to maintain any minimum balance
* Bank statements are usually sent to the account holder regularly

**Question seven**

* Decreasing the volume of imports
* Increasing the volume of exports
* Encouraging foreign investment into the country
* Devaluation of currency
* Restricting outflow of capital

**Question eight**

* Marketing economies
* Financial economies
* Risk bearing
* Managerial
* Technical
* Research
* Welfare

**Question nine**

* No effect
* Decrease
* Increase
* No effect

**Question ten**

**Foreign producer local wholesaler retailer consumer**

Foreign producers local consumer

Foreign producer local wholesalers coonsumer

**Question eleven**

* Speedy customer service
* Confidentiality of business records
* Records can easily be retrieved
* Clean and tidy records produced
* Minimum storage space required
* Accuracy is enhanced
* Information is easily portable
* Labour saving

**Question twelve**

* Creating a new good
* Improving on an existing product
* Improving the process of production
* Improving the marketing strategies
* Offering unique services
* Improving the quality of services

**Question thirteen**

* Help farmers get better prices for their produce
* Assist farmers input at free or reduced prices or on credit
* Offer useful advise on farming
* Grant loans for farmer’s development
* Provide a channel of distribution of loans offered by the government to relevant members
* Provide better storage facilities for the products

**Question fourteen**

* Hawking/peddling
* Road side selling
* Open air market trading
* Automatic vending
* Online selling

**Question fifteen**

* easy handling of goods
* less damage to goods
* safety because they are sealed at the loading points
* low premium charges due to less risks
* use of specially designed containers for special goods
* reduced inspection hence less disturbance to goods

**Question sixteen**

* Increase in cost of production
* Inavailability of factors of production
* Reduction of other related products
* Poor state of technology
* Unfavorable government policy
* Unfavorable natural factors

**Question seventeen**

**Question eighteen**

Formed when a group of manufacturers agree to act as one

Fix prices

Fixing quantity to be supplied

**Question nineteen**

* Free on Board
* Cost Insurance and Freight
* Free Alongside Ship
* Free on Rail

**Question twenty**

Working capital = current asses – current liabilities

120,000 – 60,000 = 60,000

Rate of return on capital employed

100,000/460,000 x 100 = 21. 73%

**Question twenty one**

* Low natural resource endowment
* Inadequate capital
* Poor technology
* Poor human resource endowment
* Unfavorable domestic environment

**Question twenty two**

* Cost
* Nature of the product
* Target group
* Objectives of the promoting firm
* Methods used by competing firms
* The law

**Question twenty three**

* Regressive
* Proportional
* progressive

**Question twenty four**

* Determining basket of goods or commodities
* Difficulty in determining the base year
* Differences in prices of goods
* Difficulty in the choice of the average to be used

**Question five**

( 900,000 x 500, 000) / 1,200,000 =375,000