**FORM 4 B/STUDIES PAPER 1**

1. Aids to trade. (4 Mks)

* Warehousing
* Banking
* Transport
* Communication
* Insurance
* Advertisement

1. Objectives of a business. (4 Mks)

* Profit maximization
* Growth and expansion
* Provision of services to customers
* Survival (beating competitors)
* Creating employment

1. Free resources. (4 Mks)

* Air
* Sunlight
* Rain
* River/Lake/Ocean water

1. Roles of an entrepreneur in production. (4 Mks)

* Starts the business/project
* Controls the production process
* Makes the decision on what to produce and when to produce
* Acquires and pays for all the factors of production
* Bears all the risks
* Enjoys the profit
* Pays for expenses
* Owns the whole project

1. Benefits of registering a company with the stock exchange market. Advice on management

* Sell shares
* Performance barometer
* Good management
* Included in journals published by market
* Facilitates raising of more funds.

6. Ways in which consumers may protect themselves against exploitation by traders. (4 Mks)

* Checking goods e.g. prices, expiry dates, side effects
* Enlightening themselves about their rights as consumers.
* Forming consumer associations
* Take the exploiter to court
* Complain through the media
* Peaceful demonstration against the exploiter
* Avoid traders identified as exploiters

7. Advantages of having a dry port or an inland container depot. (4 Mks)

* It reduces the cost of movement of cargo to the far away far ports
* Solves the problem of congestion at the main port
* The owners of the goods or exporters do not need to travel very far to the port
* It makes it easier for handling of cargo by inland importers and exporters
* It facilitates inspection of goods by the custom officials

8. Measures that the Kenyan government can take to solve unemployment problem. (4 Mks)

* Control population growth
* Encourage self-employment/educate people on self-employment
* Encourage investment in the country
* Encourage use of labour intensive methods of production
* Encourage people to seek jobs outside
* Provide capital for people to set up businesses.

9. Benefits that would accrue to a firm located near other existing firms.

* Enjoy use of existing infrastructure
* Access available labour
* Collaboration with existing firms
* Enjoy existing auxiliary services
* Access available raw materials

10.

Turaga traders

Trading Account

For the year ended 31st’ Dec 2019√

|  |  |
| --- | --- |
| Opening stock 160,000√  Add purchases 580,000√  COGAFS 740,000√  Less Closing stock 200,000√  COGS 540,000√  GP c/d 68,000√  608,000 | Sales 608,000√  608,000 |

(8×

11. Objectives of product promotion. (4Mks)

* Give information about a product.
* Persuade to buy
* Create public interest to buy
* Sustain public interest to continue buying
* Create sales
* Launch a new product
* Retain market

12. Benefits of globalization to a business enterprise. (4 Mks)

* Provide a wide market.
* Encourage collaboration among businesses from different countries.
* Share technology
* Access to resources like raw materials from other countries.
* Facilitate sharing of research findings by businesses globally/sharing of information.

13. Problems experienced by a trader who stores goods in a public warehouse.

* Charges levied are relatively high
* Owner pays extra charges if goods overstay
* Location may not suit the trader
* Long procedure in documentation
* Competition for space with other traders
* Goods may get damaged
* Trader may lose contact with customers since they get goods from rented warehouse.

14. Factors that determine the amount of money held for transaction motive.

* The level of income
* The frequency of payment of an individual
* Individuals spending habits
* Availability of spending habits
* The rate of inflation/high price of commodities.

15. Outline four factors that may cause the supply curve to shift to the left.

* Increase in cost of production
* Lack of government incentives e.g. subsidies
* Decrease in price of complementary goods
* Withdrawal of firms from the market
* Incidences of strikes
* Inadequate factors of production.

16. Rahisi traders Balance Sheet.

RAHISI TRADERS

BALANCE SHEET

AS AT 31ST’ DEC 2019

|  |  |
| --- | --- |
| Fixed Assets  Machinery 500,000√  Current Assets  Bank 292,000√  Debtors 38,000√  Cash 300,000 √  1,130,000 | Capital 620,000√  Add profit 30,000√  Add investment 200,000√  850,000  Liabilities  Creditors 280,000√  1,130,000 |

17. Factors that affect the circular flow of income. (4 Mks)

* Investment
* Government expenditure
* Savings
* Foreign trade

18. Outline four features of monopoly. (4 Mks)

* Single seller and many buyers
* The commodity does not have close substitute
* It is difficult for other firms to enter the market/restrictions to entry
* Prices are usually fixed by the supplier
* The firm controls the entire output

19. Source document used for each.

|  |  |
| --- | --- |
| Book of 0rinal entry | Source document |
| 1. Purchases journal | **Incoming invoice** |
| 1. Cash book | **Receipt/Bank slip** |
| (c) Sales return book | **Credit note issued** |
| 1. Sales journal | **Outgoing invoice** |

20. Roles of the insurance industry in the Kenya’s entrepreneurial development.

* It guarantees continuity of business
* Mobilizes funds into investment project
* Encourages business people to venture into risky projects
* Insurance policy can be used as collateral/security for loans
* Contributes to government revenue

21. Levels of inflation. (4 Mks)

* Hyper/Run-away inflation
* Stagflation
* Creeping/moderate/gradual/mild inflation
* Rapid inflation

22. Benefits enjoyed by a trader who does not sell on credit. (4 Mks)

* Does not suffer from bad debts
* Does not spend money on debt collection
* Does not incur cost of keeping records of debtors
* Does not suffer cash flow shortage/working capital is readily available
* Does not waste time following customers to pay.

23. Factors that may determine the amount of revenue to be collected through taxation. (4 Mks)

* Distribution of incomes
* Social and political factors
* Honesty and efficiency of tax authorities
* Citizens level of real incomes
* Economic structure of a country

24. Factors that hinder economic integration

* Homogeneity of products
* Lack of foreign exchange
* Retrogressive political ideologies
* Poor infrastructure
* Political instability
* Language barrier
* Differences in levels of development

25. Benefits of preparing a development plan.

* Enables mobilization and allocation of resources
* Can be used to secure foreign aid
* Used to evaluate projects at different stages of implementation to assess whether they are in line with expected income
* It enables coordinated investment to prevent regional imbalances
* It helps to minimize wastage or duplication of industries
* It is used to increase the rate of capital formation.