1. (i) Create employment

(ii)Utilize resources

(iii) Improve the living standards

(iv) Generate income

(v) Utilize free time

(vi)Provide goods and services.

(vii)For self activation

(viii)As a hobby.

2.

|  |  |  |
| --- | --- | --- |
|  | Internal | External |
| (i) Employees | ✓ |  |
| (ii) Inflation |  | ✓ |
| (iii) Technology applied |  | ✓ |
| (iv) Invested funds | ✓ |  |
| (v) Cultural factors |  | ✓ |
| (vi) Tools | ✓ |  |
| (vii) Entrepreneur | ✓ |  |
| (viii) Political factors |  | ✓ |

3 (i)Should be polite

(ii)Should be honest

(iii) Should be eloquent speaker

(iv)Should be disciplined

(v)Loyal

(vi)Punctuality

(vii)Respect

(viii)Accurate

(viii)Diplomatic.

4. (i) By licensing of business in the country

(ii) Imposing taxation

(iii)Setting standards for both locally produced and imported goods

(iv) Formulation of rules & regulation that must be adhered to in various businesses operations.

(v) Fixing quotas

(vi) Imposing total ban on new businesses

5. (i) A consumer has to make a choice.

(ii) A consumer should have a scale of preference

(iii) A consumer should use opportunity cost

(iv) A consumer should conserve resources.

6. (i) Eliminate corruption practices

(ii) Employing qualified staff

(iii) Enforcing a law to punish errant staff

(iv) Motivating staff through better housing, salaries, health facilities.

(v) Reduce undue influence by the government officials.

7. (i) Presence of good infrastructure /well developed

(ii) Proper allocation of resources

(iii) Relevant entrepreneurial skills

(iv) Use of modern technology

(v) Availability of market

(vi) Availability of capital

(vii) Good customer relations

(viii) Favourable government policies.

(ix) Proper time management.

**8**. (i) Better quality goods

(ii) A variety of goods

(iii) Better utilization of resources

(iv) Create employment opportunities

(v) Leads to high standards of living

(vi) Facilitates exchange rate

**9.** (i) Feedback to the manufacturers or producers is low

(ii) Increase costs incurred

(iii) Perishability of perishable goods. Hence low quality.

(iv) Damage of goods due to over handling

(v) Delay on delivery of goods.

10.(i) There is no deposit required or down payment before goods are released.

(ii) Ownership of goods is passed on to the buyer immediately.

(iii) It is a cheaper method of purchasing.

(iv) Goods cannot be reposed.

(v) Goods are released as the customer is the legal owner.

11.(i)The profitability of the business.

(ii)Availability of the required skills to manage the business

(iii)Availability of security

(iv)The level of competition

(v)The liquidity period /playback period.

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

i)Entrancing security against theft.

ii)Ensuring physical care by people using the property.

iii)Keeping records of movement and usage of each of the property.

iv)Taking insurance cover.

v)Proper repair servicing and maintenance.

**13.Macro – environmental factors that affect business performance.**

i)Economic environment

ii)Demographic environment.

iii)Legal political environment.

iv)Technological environment.

v)Cultural environment

vii)Competitive environment.

viii)Physical environment.

**14.Methods the Kenyan government uses in protecting consumers.**

i)Setting up standards.

ii)Weight and measures act.

iii)Licenses.

iv)Food and drugs act.

v)Sale of goods act.

vi)Rent and Tribunal Act

vii)Public health act.

**15**. **Circumstances under which a seller would require a buyer to pay cash with order (C.W.O)**

**-**When the buyer is new to the seller

-When the buyers’ credit worthiness in doubt

-To avoid bad debts

-When the seller is in urgent need of cash

-To avoid expenses in following up debts

-When the policy of the seller is not to advance credit

-Where the seller is operating mail order business

16. **Limitations of consumer initiated methods in consumer protection**

-lack of adequate support by government

-lack of sufficient information from consumers to consumers protection bodies

-Ignorance on the part of consumers about their rights

-Lack of initiative (apathy) on part of consumers

-Lack of capital to sponsor their programmes

-Ignorance on the part of consumers about avenues so follow.

17.**Reasons why an office is necessary in any organization**

-To facilitate communication

-To safeguard organizations property

-To enhance reproduction of documents

-For administrative purposes

-To link the organization with other organizations such as government

18. **Benefits of business ethics**

-Creates faireness in competition

-Ensures protection of the environment

-Ensures rights of employees are upheld

-Avoids consumer exploitation.

-Eliminates use of unfair means of achieving the objectives of the business

19. **Features of a sole proprietorship form of business organization**

-Easy to form

-Enjoy profits alone

-Owned by one person

-Unlimited liabilities

-Quick decision making

-Small capital invested

-Personal contacts to customers

-Uses family labour

-Usually small scale

-No division of labour

20.**Causes of business failures**

**-**Insufficient funds – the entrepreneur may underestimate the start up capital and operational capitla. When the entrepreneur is unable to access additional finance, the business is likely to fail.

**-**High interest on loans

**-**Poor judgments of the marked e.g producing goods not required by the market

**-**Composition – on entrepreneur who produces products which do not match quality of other existing products may be edged out of the market.

**-**Poor marketing strategies – If the entrepreneur is not able to make consumers aware of his product, then he is likely to fail due to poor sales

**-**Poor customer relations

**-**Poor time management e.g opening late and closing early.

**-**Poor pricing practices

**-**Poor knowledge in book- keeping.

**-**Poor managerial skills and unqualified staff

**-**Improper debt management

21.**Reasons why a cheque may be dishonoured by a bank**

**-**If the drawer has insufficient funds in his / her account

-If the amount in words differs from the amount in figures

-When the cheque is post – dated i.e presented for payment before the date written on it.

-When the cheque is stale i.e presented for payment after the expiry date( normally six

months from the date of issue)

-If the signature of the drawer differs from the specimen in the bank

-If the cheque has be altered and the drawer has not signed against alteration

-When the drawer instructs the bank to stop payment

-When the cheque is defaced or multiliated thus rendering the contents illegible

-When the bank learns about the death , insanity or bankruptcy of the drawer.

-If the drawer has closed his / her account with the bank

-If the cheque contains errors which need to be corrected

-When a customer is presenting a crossed cheque to be paid a cross the counter

22. Trade discount = 20 x 200,000

100

= 40,000✓

Payment after trade discount = 200,000 – 40,000

= sh 160,000✓

Cash discount = 10 x 160, 000

100

= sh 16,000✓

∴ Amount paid by Onyango = 160,000 – 16,000

= sh 144,000✓

***( 4 ticks x 1 = 4mks)***

23. **Characteristics of Services**

-They are intangible

-They are inseparable from those providing them

-Services are highly perishable

-Quality of services cannot be standardized.

-Price paid for services is fore experience but not for ownership.

24. **Circumstances for issuing a credit note**

**-**If Mueni had been overcharged

-If mueni had returned some goods due to damage.

-If Mueni was charged for goods not supplied.

-If Mueni returned empty containers whose cost was included in the voice.

-If Mueni had merited some discounts which was not deducted from the invoice.

25. **ways in which consumers may be exploited**

(i)Very high prices for products

(ii)Inferior quality good

(iii)Misleading information about a product misleading advertisements.

(iv)Harmful products

(v)Hoarding of products

(vi)Breach of contracts