

# **BUSINESS STUDIES**

## **FORM: 4**

### **TERM 2 2025**

#### **OPENER EXAMINATION**

#### **MARKING SCHEME**

##### **1. State four reasons why people enter into entrepreneurship**

- i) to earn profit from their investments.
- ii) To be self employed
- iii) To get a chance to utilize their skills
- iv) To get personal satisfaction when they see their ventures grow
- v) To venture into business as a hobby.
- vi) To enhance ones public and social standing i.e. prestige

##### **2. Outline four importance of filing in a business**

- i) Avails records for future reference
- ii) Information is protected from damage
- iii) Documents are kept tidy
- iv) Saves space in the office
- v) Enhances tidiness in an office
- vi) Reference/retrieval is eased by proper filing
- vii) Legal contracts are safeguarded

##### **3. Highlight four roles of a Pro forma Invoice**

- i) To request for payment before goods are delivered, if the seller does not have enough finance.
- ii) A polite way of asking for payment before the goods are delivered
- iii) Used by importers to get customs clearance before goods are delivered
- iv) Issued to an agent who sell goods on behalf of the seller

v) Sent to show what the buyer would have to pay if the order is approved

vi) Can be used to serve as a quotation

#### **4. Outline four reasons for privation**

i) to offload the burden of supporting inefficient parastatals from the government

ii) To get rid of parastatals that are faced with problems of corruption, rip-offs and theft.

iii) To expose such businesses to competition, since most of them operate monopolies.

iv) To improve on efficiency and productivity.

v) To get rid of parastatals that are highly indebted and unable to service their debts, but perennially depend on the government subsidy.

vi) To get rid of parastatal that is highly politicized.

#### **5. State four ways in which the government protects consumers**

i) Through the Sales Description Act

ii) Through the Kenya Bureau of Standards

iii) Through the Food and Drugs Act

iv) Through the Weights and Measures Act

v) Through the Public Health Act

vi) Through the Rent Tribunal Act

vii) Licensing.

#### **6. Outline four advantages of a systematic arrangement of goods in a warehouse**

i. Breakages of goods would be minimized

ii) The space available would be properly utilized

iii) It would be easy to do stock taking

iv) Contamination of goods would be reduced

v) Accessibility would be enhanced /less time would be taken to reach to the goods.

Vii) Pilferage (theft) of goods would be reduced.

**7. Identify the type of ledger in which each of the following accounts would be found.**

ACCOUNT	TYPE OF LEDGER
i) Otieno (buyer)	Sales Ledger /debtors ledger
ii) Carriage outwards	Nominal ledger
iii) Mueni (supplier)	Purchases ledger/creditors ledger
iv) Cash at bank	Cashbooks

**8. Explain four uses of National Income statics to a company**

- Indicators of standard living of the citizens
- For investment decision
- Assessing performance of the economy over time.
- Compare standards of living in a country between different periods.
- Determine per capita income by dividing national income by population.
- Economic planning
- Provide information on distribution and contribution of income.

**9.State the type of unemployment relating to each of the following description.**

- Caused by alternating trading patterns occurring at similar-Cyclical Unemployment
- Arises where workers have more skills and higher qualifications than the job requirements-Structural Unemployment
- Arises out of a mismatch between the skills possessed by potential employees and the location of the jobs available-Disguised/Hidden unemployment
- Arises when people are unwilling to take up jobs due to low pay-voluntary unemployment/Real wage

**10. Identify the book of original entry prepared from each of the following source.**

Source Document	Book of original entry
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(a)	Outgoing invoice	<b>Sales journal</b>
(b)	Received receipt	<b>Cash payment journal</b>
(c)	Copy of credit note	<b>Sales returns journal</b>
(d)	Original Invoice	<b>Purchases journal</b>

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