FORM FOUR CLUSTER KCSE MODEL 6

BUSINESS PAPER 1 ANSWERS

Answer all questions

1.Poor quality of goods and services

.Incorrect weights and measures Unfair pricing

.Poor hygienic conditions Expired goods

.Harmful goods Hoarding

.Misleading advertisement Bridge of contracts Environmental pollution

2.Looking for new markets

.Promote good relationships among trading countries. Public and advertise home products.

.Educate locals on trade opportunities. Organize educational trade tours abroad. Conducting .market research for local products. Make detailed reports on commercial activities. Keep statistics of products
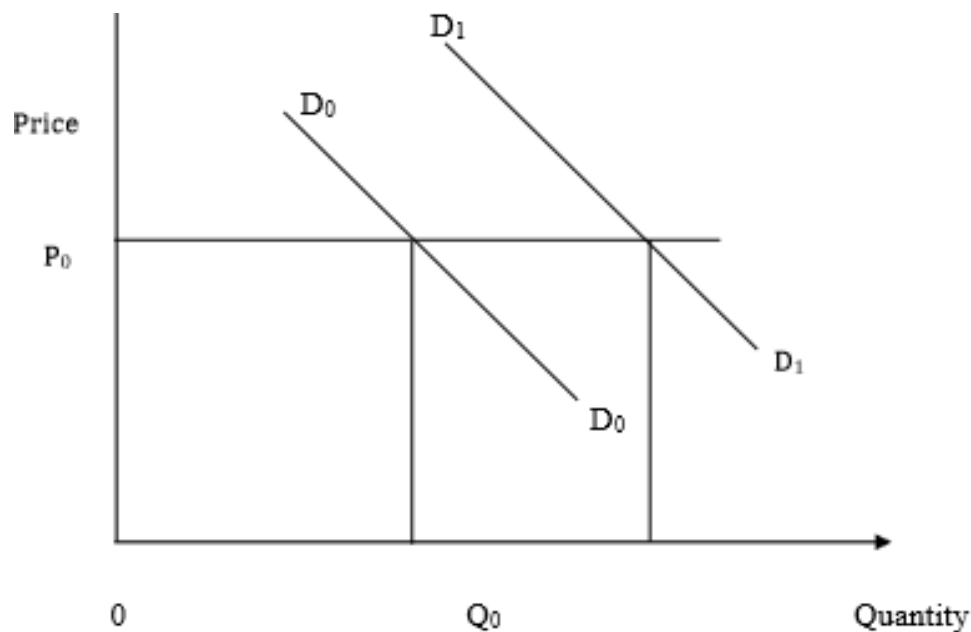
3.Age

.Health

.Nature of job/occupation

.Period to be covered by the policy Level of income

.Residence of the assured

4.Formed by between 2 and 50 share holders Do not advertise their shares to the public Restrict the transfer of shares Can be managed by one or two directors Can start business after receiving certificate of incorporation.

5.(a) More cars will be demanded and this would increase the demand for petrol at the same price

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Price

D_1

D_0

P_0

D_1

D_0

0   Q_0 Quantity

6. Publicize the malpractice

. Take legal action

. Report to NEMA/Relevant authority

. Educate the neighbours on their rights

. Boycott the firms products

. Carry out demonstration against the firm

. Reason with the firm

7. Increase in crime

Leads to decline in standards of living

Low demand of goods and service

Low esteem

8. Personal identification card

Be of maturity age

Pass size photographs

Physical contract address

9. Catalogue

Invoice

Statement of Account

Cash sale receipt

10. Availability of buyers

Availability of sellers

Availability of medium of exchange

Availability of products

Freedom to buy/ sell

A platform of conducting transactions

11. Where there is age difference

Different languages

Negative attitude/prejudice

Hearing impairment

Noise

Poor listening

Inability to understand gestures

Emotional response

Information over load

Pronunciation problem

12. Petty cashbook

Receipts	Date	Details	Totals	Cleaning	Stationery	Bus fare
2570√	1/4	Balance				
10430√	2/4	Cash				
	3/4	Cleaning	3070√	3070√		
	4/4	Bus fare	2000√			2000√
	6/4	stationery	2200√		2200√	
			7270	3070	2200	2000
		Bal. c/d	5730√			
13000√			13000			

13. Goods are protected from physical damage.

Goods are protected from pilferage.

Goods can be prepared for sale.

Manufacturers can store raw materials

Production done steadily without rush

Some goods mature/improve in quality while still in a warehouse

14. Sales Returns/Returns inward.

Purchases/creditors

Cash receipts/cash book

General/Journal proper

15.

. Net worth = Total assets – Total liability

$$= (300,000\sqrt{} + 123,700\sqrt{}) - (125,000\sqrt{} + 84,500\sqrt{})$$
$$= 423,700\sqrt{} - 209,500\sqrt{}$$
$$= 214,200\sqrt{}\sqrt{}$$

16. Enjoyment of existing infrastructure

Access to labour

Access to raw materials

Access to market

Access to security

Social amenities

Collaboration with existing firms.

17. Increase income taxes.

Reduce government expenditure

Introduce compulsory savings schemes

Increase interest rates on loans

Raise liquidity ratio/cash ratio

Raising margin requirements

Control prices by legislation

Enforce wage guidelines

Reduce exports Increase imports in case of shortage

18. Creation of employment

Availing actual goods to consumers

Utilize raw materials

Creating utility in products

19. When two or more items must be used together at the same time e.g. car and petrol.

When one becomes addicted to a particular want e.g. alcohol

20. Supervision enhanced

Resources are shared

Cheaper to construct.

Cheaper to maintain

Easier to communicate

Work flow made easy

Service delivery enhanced.

21. Provide essential products.

Not profit motivated.

Is formed by an Act of parliament

Has limited liabilities

Any surplus earned is surrendered to the government.

Formed for specific function.

Dissolved by an Act of parliament

22.

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(i) Capital employed = F.A. + C.A - C.L
=400,000 √ + 120,000√ − 60,000 √ = 460,000√

Return on capital = $\frac{NP}{CE}$ X 100 = $\frac{100,000}{460,000}$ X 100√

= 21.7%√

(ii) C.R. = $\frac{C.A.}{C.L}$

= $\frac{120,000}{60,000}$ √

= 2:1√

23. Maximum social benefit

Economy

Flexibility

Sanction

Sound financial administration.

24. Precautionary motive

Speculative motive

Transaction motive

25. When the amount is small

When cash is require urgently

If the trader does not have bank account

When one wants to avoid expenses associated with cheques

If it is the only means available.