

# **FORM FOUR CLUSTER KCSE MODEL8**

## **BUSINESS PAPER 1 ANSWER**

1. Characteristics of economic resources.
  - i) Scarce in supply.
  - ii) Have money value.
  - iii) Unevenly distributed.
  - iv) Have utility.
  - v) Have alternative uses.
  - vi) Can change ownership.
  - vii) Can be combined.
  - viii) Can be complementary
2. In the table given:
  - i) Institutional advertising.
  - ii) Celebrity.
  - iii) Primary demand/informative advertisement.
  - iv) Product advertising.
3. Four reasons why most banks prefer landscape/type of structure:
  - i) Promotes team work among employees.
  - ii) Sharing of office equipment /reduce cost of buying.
  - iii) Supervision of work is easy.
  - iv) Maintenance cost is low.
  - v) Easy location of workers.
  - vi) Discourages absenteeism of workers.
  - vii) Decoration of offices is attractive
4. Reasons why small scale firms/businesses continue to exist in aneconomy dominated by large scale firms
  - i) Size of the market.
  - ii) Nature of the product.
  - iii) Simplicity of organization.
  - iv) Flexibility of small firms.
  - v) Quick decision making.
  - vi) Belief that small firms are more manageable.

vii) Rising costs of production.

viii) Need to retain control.

ix) Legal constraints.

5. Positive effects of inflation.

i) Debtors may pay less.

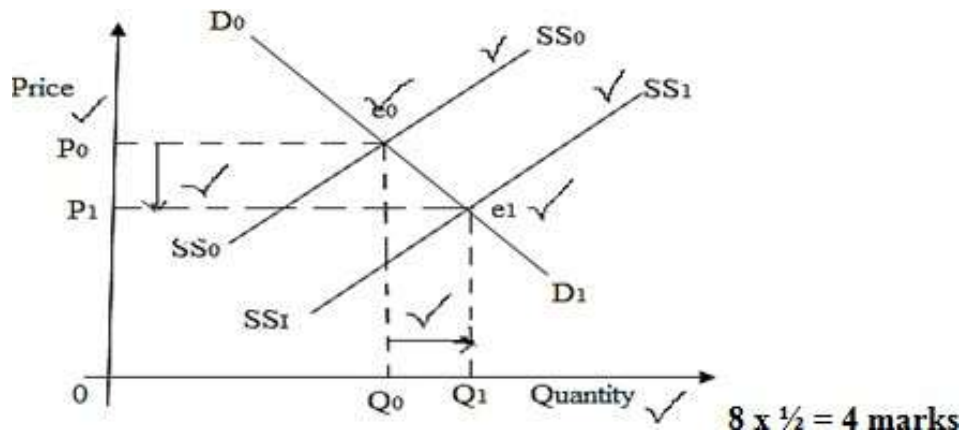
ii) Sellers may earn more.

iii) Motivation to work.

iv) Increased products.

v) Better use of available resources

6.



7. i) Reliance on donor funding.

ii) Lack of domestic resources.

iii) Failures to involve local people in planning.

iv) Natural calamities.

v) Over ambitious plans.

vi) Lack of cooperation among executing parties.

vii) Inflation.

viii) Lack of political will

8. i) Name clause.

ii) Objective clause.

iii) Situation clause.

iv) Liability clause.

v) Capital clause.

vi) Declaration clause.

9.

Assets	Capital + Liabilities
1840,000	100,000
<u>400,000</u>	<u>80,000</u>
2,240,000	240,000
Capital = 2000000	

10. i) Goods stored can be sold without physical movement.

ii) Traders can rent space to store their goods.

iii) Traders do not have to construct their own warehouse.

iv) Goods are insured against risks e/g damage, fire and theft.

v) Traders may get short term loan.

vi) Preparation on goods while in the warehouse

11.

Banks	Non-bank financial institutions
1) Provide all types of accounts	1) Mainly offer savings and fixed accounts.
2) Short term and medium term finance.	2) Medium and long term finance.
3) Finance not restricted to any sector	3) Provide finance to specific sector
4) May provide foreign exchange facilities.	4) Do not provide foreign exchange facilities.
5) Finance mainly for working capital.	5) Finance mainly for capital development.
6) Participate in clearing houses.	6) Do not participate in clearing houses (no cheque facilities)
7) Under control of CBK	7) Not directly under control of central bank.

12. i) Transport.

ii) Housing.

iii) Education brought closer.

iv) Cheaper education.

v) Cyber business.

vi) Prices of land upwards.

vii) Market for construction.

viii) Social interaction increased.

ix) Market for agricultural goods.

x) Employment opportunities.

**KIKWETU GEN.STORES**  
**Trading account**  
**For the year ended 31/12/14**

Dr					Cr
	KSHS	KSHS		KSHS	KSHS
Op.stock	70,000✓			Sales	950,000✓
Add purchases	<u>640,000</u> ✓	710,000✓	Less Returns	150,000✓	800,000
Less Returns outward		<u>140000</u> ✓	inwards		
Cost of sales		570,000			
Less closing stock		<u>68,000</u> ✓			
c.o.gs		<u>502,000</u>			
G.p.c/d		<u>298,000</u> ✓			<u>800,000</u> ✓
		800,000			
			G P Profit b/d		298,000

14. i) Control of important input.  
 ii) Ownership of production rights.  
 iii) Internal economies of scale.  
 iv) Size of the market/ small market.  
 v) Additional costs by other firms willing to join.  
 vi) Where a group of firms combine to act as one  
 vii) Restrictive practices.  
 viii) Financial factors.
15. i) Sender/communicator.  
 ii) Message.  
 iii) Medium/channel.  
 iv) The receiver.  
 v) Feedback.
16. Levels of production:  
 a) Primary.  
 b) Tertiary.  
 c) Secondary.  
 d) Tertiary
17. a. Macro.

- b. Macro.
- c. Micro.
- d. Micro.

18.

8. **BILENGE TRADERS CASH BOOK FOR  
THE PERIOD ENDING MAY 2015✓**

Dr.				Cr.			
Date	Particulars	(f)	Amount (sh)	Date	Particulars	(f)	Amount (sh)
			Cash      Bank				Cash      Bank.
3/5/2015	Sales		45,000✓	10/5	Cash	(c)	15,000✓
10/5	Bank	c	15,000✓	25/5	Drawing		2,000✓
					Bal c/d		45,000✓
25/5	Bal b/d		2,000✓				
			45,000				45,000✓
	Bal b/d		45,000		Bal b/d		17,000✓
							2,000

19. i) Security.  
ii) Long hours of trading.  
iii) Increased rate of stock turn.
20. (a)-Increases.  
(b)-Increases.  
(c)-Decreases.  
(d)-Increases.
21. (a) Population growth-rate at which the size of the population changes over a given period of time (usually one year)  
(b) Fertility rate-the average number of children per women that women in the child bearing age are likely to give birth.  
(c) Ageing population-that population which has a high proportion of old people.  
(d) Under population-when resources in the county are greater than the size of the population in that county.
22. (a) **Amount column**-amount of money involved in the transaction.  
(b) **Date column** -the date when the transaction took place.  
(c) **Particulars column** -the parties involved in the business transaction.  
(d) **Folio column**-reference number of the transaction.
23. i) Wider market.  
ii) Encourages specialization.  
iii) High quality and cheap products are produced.

- iv) Promotes peace.
  - v) Common bargaining front.
  - vi) Industrial development co-ordination.
  - vii) Employment creation.
24. i) Filling a proposal form.
- ii) Determining of premiums to be paid.
  - iii) Payment of the first premium.
  - iv) Issuing of cover note (binder)
  - v) Issuing of policy.
25. i) Goods of one particular manufactures.
- ii) Uniform shop design and layout.
  - iii) Decentralized operations.
  - iv) Central control management system.
  - v) Uniform pricing.