**CHAMPIONS JET 2019 FORM FOUR EXAMS**

**BUSINESS STUDIES pp2**

**Marking scheme**

1. **a) Explain five ways in which Kenya may benefits from being a member of the East Africa community. (10mks)**

**-** Wider market of Kenyans products

- High quality goods produced due to competition

-Promotes peace among the members countries

-Common bargaining with non-members resulting to better terms of trade

-Employment creation because of increased mobility of factors

**b) Describe five principles that distinguish cooperatives from other forms of business organizations.(10mks)**

- Open and voluntary membership – members in a cooperative society are free to join and leave at will

- Democratic administration – official are elected based on one man vote basis

Limited interest on share capital- this encourage members to buy more shares

* Promotion of education to members- they provide education through seminars and workshops
* Provision of dividends to members – profits obtained are distributed to members inform of dividends
* Cooperation with other cooperatives- they cooperate with other cooperatives locally, nationally or internationally.

1. **a) Explain five reasons why affirm may consider hiring a machine rather than buying**

- used for a short period of time

High initial cost of the equipment

High maintenance cost

High chances of obsolescence

Non availability of required skills/ staff to operate the machine

**b) Discuss any five reasons why a firm may consider hiring a machine rather than buying. (10mks)**

* Lack of records in the subsistence sector.
* Deficiency in differentiating final expenditure and intermediate expenditure
* Double counting
* Fluctuating exchange rate/valuation of export and imports.

1. **a) Planning is an important aspect of economic development. Explain five reasons why a country should carry out development planning(1 mks)**

* Appropriate resources allocation- putting the resources in the most productiveway/ not left idle.
* Stimulates of effort- it enable the government to stimulate the effort of citizens in the desire way
* Support foreign aid bargain- enable a country to solicit for foreign aid/ donation/grants
* Project evaluation – it makes it possible to evaluate the plan at various stages of implementation
* Long term decision making – provides a long term view for making decisions in various sector of the economy.
* Avoiding duplication – different industries are located in different parts of the country
* Promoting balance in regional development – it help in distributing industries in various parts of the country
* Help in raising the standard of living – the gov’t looks into lives of various groups in the country.

**b) Explain five challenges that may be experienced by a new entrepreneur who is intending to start a business in Kenya (10mks)**

- Inadequate capital to sustain or expand the business

- Inadequate skills to manage the business

-Unfavourable gov’t policies that may hinder growth/expansion e.g high taxation

-Poor infrastructures which may hinder access to market

-Stiff competition which may lead to collapse of business

-Poor pricing which may be too low to sustain the business/too high to attract buyers

-Inadequate manpower to run the business

-Inadequate market for goods produces

-Inappropriate technology which may result into quality goods.

1. **a) Outline five circumstances under which a firm would carry out personal selling (10mks)**

* Where the product is technical in nature and therefore demonstration is necessary
* Where the product if high value and hence security is needed.
* Where the firm can afford to finance the sales force since it is expensive venture
* Where the market is concentrated at one point and hence customers can be easily reached.
* When launching a new product into the market where awareness creation, persuasion and convincing is required
* When the product is tailored to meet customers’ specification because customers have varied taste and preferences.

b)

Purchases journal

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | details | Invoice Number | L. Folio | Amount |
| 2015  June 1  June 1  June 1  June 6  June 6  June 6  June 18 | Bonface  Mary  Angela  Margaret  Mary  Kadenge  Natalia  Total posted to purchase A/C/Dr |  | PL  PL  PL  PL  PL  PL  PL | 25000  30000  40000  10000  35000  50000  70000  **260000** |

Sales Journal

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | details | Invoice Number | L. Folio | Amount |
| 2015  June 4  June 4  June 8  June 8  June 8  June 26 | kopiyo  francis  zachary  kopiyo  kidila  Kopiyo  Total posted to sales A/C/Cr |  | SL  SL  SL  SL  SL  SL | 16000  20000  60000  26000  45000  54000  **221000** |

Purchases return journal

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | details | Invoice Number | L. Folio | Amount |
| 2015  June 13 | Bonface  Margaret  Kadenge  Total posted to returns outwards AC/Cr. |  | PL  PL  PL | 4000  20000  1500  3000  **8500** |

Sales return journal

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | details | Invoice Number | L. Folio | Amount |
| 2015  June 22  June 22  June 31  June 31 | kopiyo  Francis  kidila  kopiyo  Total posted to returns inwards A/C/Dc |  | SL  SL  SL  SL | 1000  2400  2000  4000  **94000** |

1. a)

The curves have to be drawn to attract a tick

Even if the curves are named, DD and SS and the points are plotted appropriately and joined together award all marks

Candidates may not label Qe or Pe but drops a vertical line/horizontal axis – award

Award for separate DD and SS curves drawn separately

**b) Explain five ways of making face to face communication effective.(10mks)**

- Lack of noise

- Positive attitude between communicating parties

-Absence of language barrier

-Good listening skills

-Proper preparation of message before communicating

1. **a) Pemba is an Island within the Indian Ocean. She had registered an improvement in her national income. Explain five factors that may have contributed to this trend.(10mks)**

- Labour supply – a country with more skilled labour force

- Capital – a country that uses modern equipment in production

- Entrepreneurship – it has more entrepreneurs who organize factors of production

- Land – it has more natural resources

-Political stability – Conducive political atmosphere attract both foreign and local investors vestment into the country.

- Positive attitude of citizens towards work contributes to high national income.

- increased foreign in

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b) **PEMUR STORE**

**TRADING, PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31ST DEC.2003**

|  |  |
| --- | --- |
| opening stock 25000  add purchases 360000  Add carriage inw. 2000  362000  less return out 20000 34200  Goods av. For sale 36700  less closing stock 22000  cost of sales/cost of goods sold 34500  gross profit c/d **215000**  general expenses 88000  carriage out 3000  rent 1000  bad debts 80000 172000  net profit c/d 8000 | sales 600000  less return inw. 40000 56000  **560000**  gross profit/d 215000  add discount 5000 220000  Net profit b/d 220000  4800 |