

**BUSINESS FORM 4 PAPER 1 MARKING SCHEME**

**JULY 2023**

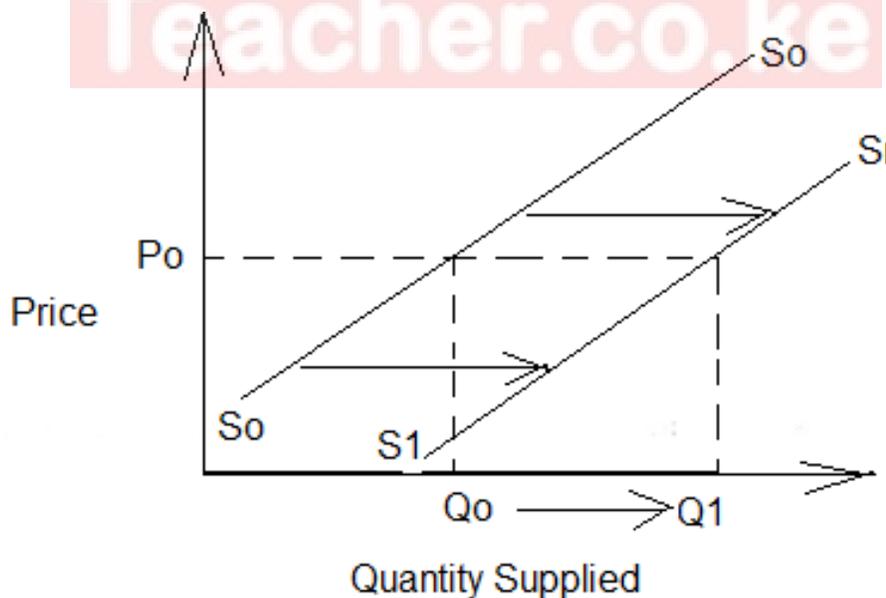
1. Suggest four ways in which a good business structure can enhance performance. (4mks)

- i) Increase accountability*
- ii) Promote hard work*
- iii) Builds teamwork*
- iv) Makes supervision easy*
- v) Avoids confusion at work*
- vi) Minimize conflicts among workers*
- vii) Fair distribution of workload/duties*

2. Outline four documents required by the registrar of companies to facilitate registration of Limited Companies. (4mks)

- i) Memorandum of Association*
- ii) Articles of Association*
- iii) Declaration of Compliance*
- iv) List of directors*
- v) Directors statement*
- vi) Statement of company's share capital*

3. The figure below shows a shift in supply for a commodity from  $S_0S_0$  to  $S_1S_1$



State four possible factors that have led to this situation. (4mks)

- *Decreased cost of production*
- *Availability/increased supply of inputs/raw materials*

- *Improvement of technology*
- *Favourable weather conditions*
- *Favourable Government policy e.g. subsidies and financial assistance*
- *Increased number of producers*
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4. Indicate the most appropriate source document used to prepare the following books of original entry. (4mks)

Books of original entry	Source document
a) Sales Journal	<i>Outgoing invoice (Copy of the invoice)</i>
b) Return Outward day book	<i>Incoming Credit Note/Original Credit Note</i>
c) Return Inward day book	<i>Outgoing Credit Note</i>
d) Purchases Journal	<i>Incoming invoice/Original invoice</i>

5. State four general characteristics of human wants. (4mks)

- i) Recurrent*
- ii) Unlimited*
- iii) Competitive*
- iv) Complementary*
- v) Insatiable*
- vi) Vary in urgency*

6. Outline four ways in which the Food and Drugs Act protects the consumers. (4mks)

- i) Ensure that producer/trader do not include any substance in the commodities which might be harmful to consumers' health.*
- ii) By having a requirement that those who sell certain types of Foods and Drugs should be licensed.*
- iii) Ensuring that labels and packages for food, drinks and medicine show the ingredients used in making the commodity.*
- iv) Ensure side effects are indicated so as to warn consumers*

7. Highlight four measures which may be taken by a government to attract firms to an area.  
(4mks)

- i) Offer free/cheap land*
- ii) Offer subsidies*
- iii) Offer direct financial support*
- iv) Tax reduction*
- v) Improve infrastructure*

8. The balances below relate to Saboti stores for the year ended 31/12/2014.

**a) Working capital** **(2mks)**

$$\begin{aligned} \text{Working capital} &= \text{CA} + \text{CL} \\ 145,220 - 95,220 &= 50,020 \end{aligned}$$

**b) Capital employed** **(2mks)**

$$\begin{aligned} \text{Capital employed} &= \text{i) FA} + \text{WC} \\ &\quad \text{ii) C} + \text{LTL} \\ 480,000 + 50,020 &= \text{Sh. } 530,020 \end{aligned}$$

9. Highlight any four barriers to effective communication which are associated with the sender.

(4mks)

- *Lack preparedness*
- *The message may be too long or too detailed, preventing the main points from being understood.*
- *Poor timing*
- *Sender may pass the wrong information or pass the information to the wrong receiver e.g. when texting/ talking on a telephone*
- *The sender may speak too fast or not clearly enough to be understood.*
- *Sender uses difficult language full of technical terms or jargon that are difficult to be understood by the receiver.*
- *Negative attitude towards the receiver/subject*

10. Outline four features of monopolistic competition.

(4mks)

- i) Free entry and exit*
- ii) Many firms though each is too small to attract the either market,*
- iii) Firms sell products that are (relatively) close substitutes of one another.*
- iv) Presence of non-price competition*
- v) Product differentiation*
- vi) There is wide knowledge of the market conditions for both sellers and buyers*

11. Identify four indicators of a business opportunity. (4mks)

- i) **Quality gap**
- ii) **Quantity gap**
- iii) **Variety gap**
- iv) **Pricing gap**
- v) **Poor services**
- vi) **Pricing/high prices gap**

12. Highlight four disadvantages of an ageing population. (4mks)

- i) **Decline in labour supply**
- ii) **Reduced talent/creativity/innovation**
- iii) **High dependency ratio**
- iv) **Decline in Demand for goods for the young generation**
- v) **Increase government expenditure due to increase in welfare benefits**

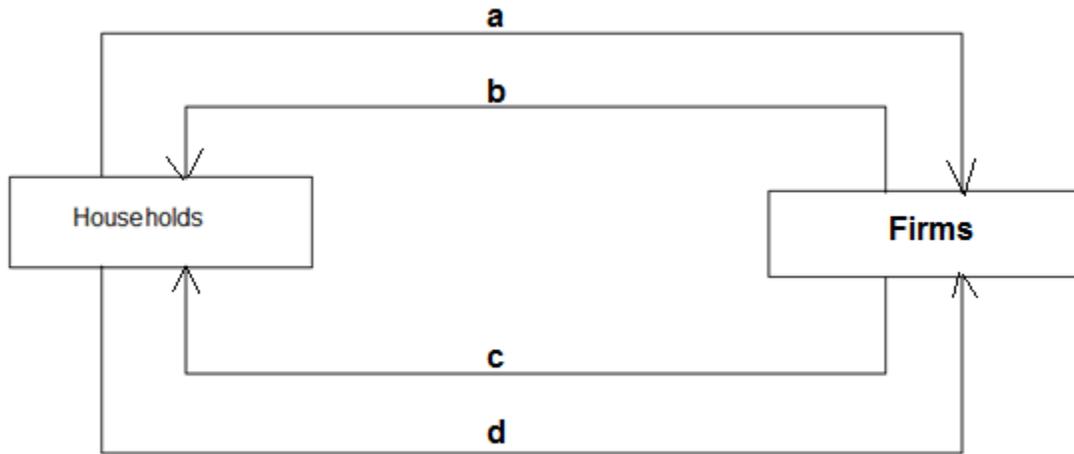
13. Below are tasks performed by office machines and equipment, State the machine/equipment used to perform each task (4mks)

Task	Machine/equipment
a) Sending and receiving verbal messages	<b>Telephone</b>
b) Cutting papers into required sizes	<b>Guillotine</b>
c) Printing stamp impression on envelopes	<b>Franking machine</b>
d) Sending printed diagrams charts, maps etc.	<b>Fax machine</b>

14. Mamati has just taken a whole life policy and is complaining that his premiums are very high. Outline four reasons why the premiums may be high.

- **He could be old**
- **He could be in a risky occupation**
- **He could be of poor health**
- **His place of residence could be insecure**
- **He could be engaged in risky hobbies e.g. mountain climbing**
- **Sum assured could be very high.**
- **Contract could be for a short duration**

15. Below is a diagram showing the circular flow of income in a two-sector economy



Indicate the information represented by letters a, b, c, and d

- i) Provision of factors of production by the households to the firms.*
- ii) Payment for factors of production by the firms to the households*
- iii) Sale of goods and services by firms to households*
- iv) Payment for goods and services by households to firms*

16. The following table relates to documents used in Home trade. Fill the blank spaces (4mks)

Name of the document	Purpose of the document
a) <i>advice note</i>	To inform the buyer that goods have been dispatched
b) <i>acknowledgement note</i>	To inform the buyer that the order has been received
c) delivery note	<i>Evidence of delivery of goods</i>
d) credit note	<i>To correct an overcharge</i>

17. Identify four measures to be taken in order to enhance effective operation of a warehouse.

- i) Choose a convenient location.*
- ii) Employ skilled and adequate personnel*
- iii) Tighten security*
- iv) Observe law*
- v) Provide adequate handling facilities*

- vi) *Provide effective communication facilities*
- vii) *Keep proper record to monitor movement of goods by carrying out regular stock taking*

18. Give four reasons why traders engage in intensive product promotion despite the high cost involved. (4mks)

- i) *To attract new customers*
- ii) *To retain existing customers*
- iii) *To counter biased information*
- iv) *To introduce new products*
- v) *To announce changes affecting their products*

19. Fill in the missing figures in the table below. (4mks)

	<b>Assets</b>	<b>Capital</b>	<b>Liabilities</b>
a)	1,100,000	840,000	260,000
b)	280,000	249,000	31,000
c)	954,000	724,000	230,000
d)	1,200,000	960,000	240,000

20. The cost of consumer goods for a representatives of a household is given below:

Year Price  
 2020 5000  
 2021 9000

Determine the increase in consumer price index using 2020 as the base year. (4 marks)

$$\text{Increase in CPI} = \frac{\text{Price in the current year} - \text{price in the base year}}{\text{Price in the base year}} \times 100$$

$$= \frac{9000 - 5000}{5000} \times 100$$

$$= \frac{4000}{5000} \times 100$$

$$= 80\%$$

$$= 0.8$$

21. Highlight **four** merits of direct tax as a source of revenue to the government (4 Marks)

- i) *May be progressive hence equitable*
- ii) *Simple to understand to both taxpayer and tax collector*
- iii) *Convenient to both tax payer and tax collector as time for collection is known .*
- iv) *Can be used to counter inflation.*
- v) *High revenue earning capacity as it expands naturally with economic growth. i.e. elastic*
- vi) *May be used to redistribute wealth and resources equally.*
- vi) *Certain to both tax payer and tax collector.*

22. State **four** measures that the government can use to encourage increase in the country's volume of exports.

- i) *Offering export compensation schemes to exporters*
- ii) *Research to diversify foreign markets and products*
- iii) *Offering customs drawbacks*
- iv) *Lobbying for the removal of trade restrictions*

23. Outline four services offered in agency banking as a trend in the banking sector. (4 Marks)

- i) *Customer deposits*
- ii) *Withdrawal from own account*
- iii) *Transfer of funds*
- iv) *Paying bills*
- v) *Balance enquiries*
- vi) *Opening new accounts*
- vii) *Filling of loan application forms.*

24. Outline any **four** indicators of economic development. (4 Marks)

- i) *Access to education*
- ii) *Level of employment*
- iii) *Access to food and shelter*
- iv) *Level of infrastructural development*
- v) *Level of research and development*

- vi) *Level of technology*
- vii) *Level of savings and investment.*

25. Read the following transactions and state the accounts to be debited or credited. (4mks)

- (i) Started business with sh. 50,000 in cash.

***Dr Cash***

***Cr Capital***

- (ii) (ii) Sold goods worth sh. 30,000 receiving a cheque.

***Dr Bank***

***Cr Sales***

- (iii) A debtor, Onyango returned goods to the business worth sh. 5,000.

***Dr Sales Returns***

***Cr Onyango (Debtor)***

- (iv) Withdrew sh. 20,000 from the bank for business use.

***Dr Cash***

***Cr Bank***

