

# ASUMBI GIRLS HIGH SCHOOL

## POST -MOCK 1

### AUGUST/SEPTEMBER

2022

#### BUSINESS PP 1 MS

#### Instructions to Candidates

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) This paper consists of **25** questions.
- (d) Answer **ALL** questions in the spaces provided
- (e) This paper consists of **10** printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing
- (f) Candidates should answer the questions in **English**

#### *For Examiner's Use Only*

<b>Question</b>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Marks</b>															

<b>Questions</b>	16	17	18	19	20	21	22	23	24	25
<b>Marks</b>										

**TOTAL MARKS**

*Turn Over*

**1. Merits associated with internal borrowing.**

- ❖ No strings attached.
- ❖ Can also solve inflation problems.
- ❖ Maintains sovereignty.
- ❖ Is flexible.

*Any 4 correct points x 1 = 4 Marks*

**2. Consequences that may arise due to poor arrangement of goods in a warehouse.**

- ❖ Damage /breakages of goods.
- ❖ Pilferage / Theft of goods
- ❖ Wastage of time/delays one search for the required goods.
- ❖ Uneconomical /wastage of space in the warehouse.
- ❖ Possible /loss of government revenue in bonded warehouse
- ❖ Limits use of holding equipment's machines in the warehouse
- ❖ Increased overhead costs/labor costs

**Any 4x1=4mks**

**3. Positive outcomes of increased inflation from 6.1% to 7.6%.**

- ❖ Debtors may pay less in real terms.
- ❖ Sellers may earn more.
- ❖ Motivates people to work order to cope with rise in inflation.
- ❖ Better utilization of available resources .
- ❖ Increased production in order to maintain living standards.

**Any 4x1=4mks**

4.

CHUMA traders  
Balance sheet  
As at 31<sup>st</sup>October 2020

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<i>Current Asset</i>	<i>ksh.</i>	<i>Liabilities</i>	<i>ksh.</i>
Cash in hand	4,000√	Creditors	26,000√
Debtors	37,000√	Bank overdraft	15,000√
Stock	28,000√	Capital	<u>100,000√</u>
<b><i>Fixed Assets</i></b>			
Fixtures	2,000√		
Motor vehicle	<u>70,000√</u>		
	<b><u>141,000</u></b>		<b><u>141,000</u></b>

NB. Order of liquidity **MUST** be followed to score.

**8ticks @1/2= 4mks**

5. **Circumstances under which a manufacturer would find it necessary to carry out marks research.**

- ❖ Where he wants to determine the competition level and how to face it.
- ❖ Where there need to establish the best price that will suit the consumer.
- ❖ Where he intends to find out the best method of distributing the goods.
- ❖ Where he intends to establish appropriate quantity and packaging of the goods.
- ❖ Where the products is new.
- ❖ Where he intends to find one the changes in demand for the product.
- ❖ Where he intends to determine the suitable methods of promoting the product.

**Any 4x1=4mks**

6. **Factors that determine the amount of revenue collected by Kenyan government through taxation.**

- ❖ Distribution of income /gap between rich and poor.
- ❖ Social and political factors.
- ❖ Honesty and efficiency of tax authorities.
- ❖ Citizens level of real incomes.
- ❖ Economic structure of the county.

**Any 4x1=4mks**

7. **Recent trends in office management.**

- ❖ Office structure/prestigious landscape office plans.
- ❖ Automation which is the use of machine at place of work.
- ❖ Location of offices in the outskirts of towns.
- ❖ Merging duties.
- ❖ Employment identification. E.g use of badges/names tags.

- ❖ Out sourcing where businesses contract services from other business.
- ❖ Use of casual uniforms /branded uniforms on Fridays/weekends.

**Any 4x1=4mks**

**8. Principles that govern the operations of co-operative societies in Kenya.**

- ❖ Voluntary membership.
- ❖ Democratic administration.
- ❖ Education for members.
- ❖ Limited interest on share capital.
- ❖ Dividend to members.

*Any correct 4 @ 1 Mark = 4 Marks*

**9. Reasons why B demands more of commodity X at every price than A. (4mks)**

- ❖ B may be having more income than A.
- ❖ B may be having a large family than A
- ❖ B may be having a positive taste towards commodity X than A.
- ❖ B may be lacking substitute for commodity x while A has that substitute.

**Any 4x1=4mks**

**10. Outline four ways in which a good business structure is of benefit to a business organization(4mks)**

- ❖ Facilitates easy control of workers
- ❖ Facilitates easy evaluation of workers
- ❖ Reduces confusion among workers
- ❖ Enhances teamwork

(4x1=4mks)

**Any 4x1=4mks**

**11. Factors that determine the amount of money that an individual may hold in order to meet unexpected expenses.**

- ❖ Level of income.
- ❖ Family status.
- ❖ Age of an individual.
- ❖ Number of dependants.
- ❖ Individuals temperament /attitude towards life.
- ❖ Duration between incomes /frequency of obtaining income.

**Any 4x1=4mks**

**12. Reasons why the Kenya government has been organizing seminars and workshops for training youth in business.**

- ❖ Exposure them to modern development in business.
- ❖ Education them on efficient methods of operating business.
- ❖ To impart proper business ethics.

- ❖ Inform them on the actions available profitable business opportunities.
- ❖ Expose them on government policy on business activities in the country.
- ❖ Expose them to problems facing them and the possible solutions.

**Any 4x1=4mk**

**13. Circumstances under which an entrepreneur may establish his/her business where other business already exists.**

- ❖ When he wants to benefit from the already existing or available trained and skilled labor force.
- ❖ When he want to benefit from the already available improved infrastructure.
- ❖ When he want to benefit from services such as banking and insurance that will be readily available.
- ❖ When he want to benefit from complementally industries /goods that will be readily available.
- ❖ If he want to benefit from joint research with other business.
- ❖ If he want to benefit from already available market /readily available market from other firms.
- ❖ If he wants to benefit from the joint disposal of wastes products with other firms.

**Any 4x1=4mks**

**14. Difference between a public limited company and a partnership.**

	<b>Public limited company</b>	<b>partnership</b>
i.	Formed by a minimum of shareholders and no maximum.	Formed by between 2 to 20 partners except for special partnership.
ii.	Shareholders have limited liability	Partners have unlimited liability except for the limited partners.
iii.	Its operations are governed by the article & memorandum of association.	Its operations are guided by the partnership deed /act.
iv.	Must file annual returns and publish their accounts.	Are not required to file annual returns or publish their accounts.
v.	Managed by a board of directors.	Managed by partners themselves.
vi.	Shares are freely transferred become a shareholder /no need for consent for the exist shareholders.	Admission of new partners is through consen of other partners.
vii.	Invites public to subscribe/by its share	Does not invite public to subscribes its

	through the security exchange	shares.
viii.	Has perpetual life	Has limited life /death of a partner/insanity of a partner offers the life of partnership

**Any 4x1=4mks**

***Differences MUST match to score***

15. **Measures that a government may take to correct a balance of payment deficit in the county.**

- ❖ Export promotion.
- ❖ Import restriction.
- ❖ Devaluation of a county's currency.
- ❖ Diversification of exports.
- ❖ Encouraging foreign investment into the county.
- ❖ Restricting capital outflow

**4x1=4mks**

**16. Calculation of prices**

$$2012 \quad 112 = \frac{x \cdot 190}{90}$$

$$x = \frac{1.2 \times 90}{100} = 100.8$$

$$2013 \quad 115 = x \times \frac{100}{90}$$

$$x = 115 \times \frac{90}{100} = 103.5$$

$$2014 \quad 117 = x \times \frac{100}{90}$$

$$x = 117 \times \frac{90}{100} = 105.3$$

2015       $120 = \frac{x \cdot 100}{90}$   
 $x = 120 \times \frac{120}{100} = 108$

17. **ways in which the nature of a product influences the choice of distribution channel.**

- ❖ Perishable goods require shortest channel than durable products .
- ❖ Bulky products require shorter channels.
- ❖ Highly valuable goods require short channels.
- ❖ Technical goods require shorter channels.
- ❖ Heavy goods require short- channel than light goods.

**4x1=4mks**

18. **Circumstances under which a retailer may return goods to a wholesaler.**

- ❖ In case they are damaged.
- ❖ In case the quality is different from the one requested for /in case of poor quality than expected.
- ❖ In case they are of the wrong type / where the description /order differs from what has been supplied.
- ❖ In case excess quantity being supplied.

**4x1=4mks**

19. **Reasons why billboards are popular in product promotions.**

- ❖ They are positioned at strategic positions where they can be read by many people /accessed by many potential consumers.
- ❖ The advertising message is not heavily wounded thus making it possible to be under stored and remembered easily.
- ❖ They convey message for a long time since they are relatively permanent.
- ❖ They are conspicuous and hence attractive to the audience.

**4x1=4mks**

20.

Calculate:

i) Stock turnover rate. ( R. O.S.T)

Rate of stock turn over = cost of sales

Average stock

$$\begin{aligned} \text{cost of Sales} &= \text{opening stock} + \text{purchase} - \text{return outwards} - \text{closing stock} \\ &= 45,000 + 159,000 - 3,000 - 33,000 \\ &= 168,000 \end{aligned}$$

$$\text{Average stock} = \frac{\text{Opening Stock} + \text{Closing Stock}}{2}$$

2

$$= \frac{45,000 + 33,000}{2}$$

2

$$= 39,000$$

$$\text{R.O.S.T.} = \frac{168,000}{39,000}$$

39,000

$$= 4.3076$$

$$= 4 \text{ TIMES}$$

**2 ticks x1=2mks**

ii) Return on capital (R.O.C) =  $\frac{\text{NET profit}}{\text{Capital invested}}$

Capital invested

$$\text{NP} = \text{GP} - \text{EXPENSES}$$

$$5400 = 67000 - 13000$$

$$\text{ROC} = \frac{54000}{75000} = \frac{18}{25} \text{ or } 0.72:1 \text{ or } 18:25 \text{ or } 72\%$$

**2 ticks x1=2mks**

21. **Ways in which legal political environment may improve business performance.**

- ❖ Improved infrastructural network may attract more businesses.
- ❖ Improvement/favorable political stability may make it attractive.
- ❖ Increased subsidies lower costs of production and subsequently consumers may enjoy lower prices for goods.
- ❖ Reduced taxes may attract more business and lower production costs.
- ❖ Abolishing price controls enable business to compete and enjoy better profit margins.



- ❖ Favorable legislation/low amake it attractive to new and existing business to operate /reducing beauticratical procedures in licensing /operating business.

**4x1=4mks**

22. **Distinguish between :**

i) Producer goods and consumer goods.

- ❖ Producer goods are goods which are used in the creation production of other goods e.g machinery /traders while consumers goods are goods that already satisfy needs and wants of a consumer /they are meant for immediate consumption e.g drinks, clothes,books .

**1x2=2mks**

ii) **Intermediate goods and finished goods.**

- ❖ Intermediate goods are goods that are not ready for use before they are further processed. E.g sugarcane /wood/wheat/skins/while finished goods are final products that come out of production in the required from (output)e.g ugali from maize flour/furniture from timber.

**1x2=2mks**

23.

(i) Y = Ksh 40,000

(ii)P= ksh. 54,000

(iii)Q= ksh.80,000

(iv)R= ksh170,000

**4x1=4mks**

24. **Benefits that may be enjoyed by a country that is experiencing over- population.**

- ❖ Wide market for goods /services.
- ❖ Better utilization of resources .
- ❖ Creates a pool of labour supply /skilled labour force.
- ❖ Enhance creativity and innovation.
- ❖ Stimulates investments.
- ❖ Promotes labour mobility.

**4x1=4mks**

25. **Limitations posed by the use of national income statistics as a way of comparing the living standards of people for different countries.**

- ❖ Use of different currencies
- ❖ Varied preferences and tastes
- ❖ Varied distribution.
- ❖ Inaccurate statistics

*Any 4 correct points x 1 = 4 Marks*