

4.29.2 Business Studies (565/2)

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| 1. (a) | <p>Measures that the Government may take to solve youth unemployment in Kenya include:</p> <ul style="list-style-type: none"> (i) Adoption of relevant education system that equips the youth with skills e.g. Artisan, carpentry, masonry. (ii) Adoption of favourable Government policies that encourage use of labour intensive methods of production. (iii) Diversification of economic activities that provide variety of production activities e.g. mixed agriculture, ICT. (iv) Increasing Government spending in projects that employ the youth e.g. kazi kwa vijana. (v) Partner with the private sector to steer community based projects that involve the youth. (vi) Encourage maximum utilization of evaluate natural resource. (vii) Encouraging rural development in order to attract firms and minimize rural-urban migration. <p style="text-align: right;">(Any 5 x 2 = 10 marks)</p> | |
| (b) | <p>Reasons why consumers need protection include:</p> <ul style="list-style-type: none"> (i) To protect them from unfair pricing by traders who may overcharge them. (ii) To protect them from consuming low quality goods i.e. sale of counterfeits instead of the original goods. (iii) To be shielded from misleading information about products which may give wrong impression about the product. (iv) To safeguard them from occupying unsafe structures/construction of substandard structures/buildings. (v) To protect them from artificial shortages (hoarding) usually meant to increase prices. (vi) To protect them from harmful products e.g. selling skin lightening creams to ignorant client. (vii) To protect them from breach of contract i.e. failure to honour contracts on the part of traders. <p style="text-align: right;">(Any 5 x 2 =10 marks)</p> | |

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| 2. (a) | <p>Principles of Government spending includes:</p> <ul style="list-style-type: none"> (i) Sanction. The expenditure must be sanctioned by parliament. (ii) Economy. Should be incurred in the most affordable way to avoid any possible wastage. (iii) Accountability. Public funds should be well managed and proper records maintained for auditing. (iv) Flexibility. The expenditure policy should be flexible to accommodate the changing/prevaling economic situations e.g. drought, floods, pandemics etc. (v) Benefit. Any expenditure must accord maximum benefit to the majority of the people. (vi) Productivity. The expenditure should be incurred in the most productive projects to ensure maximum social benefit. (vii) Equity. Should be incurred in a way that ensures fair income distribution. <p>(Any 5 x 2 =10 marks)</p> | |
| (b) | <p>Trends in office management include:</p> <ul style="list-style-type: none"> (i) Increased computerization in managing business records, data and communication. (ii) Establishment if Public Relations Department to address the need for customer satisfaction. (iii) Adoption of new office plans that are open and attractive as opposed to enclosed offices. (iv) Increased use of mobile phones by employees for office communication. (v) Relocation of offices from urban to suburban areas to take advantages of low rent/rates and large space. (vi) Merging duties and responsibilities to reduce the number of employees doing routine work. (vii) Use of biometric reporting systems to manage staff attendance. (viii) Provision for working from home/away from the physical office. <p style="text-align: right;">(Any 5 x 2 =10 marks)</p> | |

| 3. (a) | <table> <tr> <th data-bbox="373 246 404 268">Dr</th><th data-bbox="527 246 665 268">CAPITAL A/C</th><th data-bbox="763 246 795 268">Cr</th><th data-bbox="860 246 893 268">Dr</th><th data-bbox="1144 246 1250 268">BANK A/C</th><th data-bbox="1356 246 1388 268">Cr</th></tr> <tr> <td data-bbox="373 291 404 336">3/18</td><td data-bbox="438 291 583 336">Bal. <u>10,000</u> c/d</td><td data-bbox="600 291 745 336">1/3/18 Bank <u>100,000</u></td><td data-bbox="860 291 893 336">1/3/18</td><td data-bbox="950 291 1136 336">Capital 100,000</td><td data-bbox="1153 291 1437 336">4/3 Cash 20,000</td></tr> <tr> <td></td><td></td><td data-bbox="600 358 745 403">30/3/18 Bal. b/d 100,000</td><td></td><td></td><td data-bbox="1153 358 1437 403">6/3/18 Purchases <u>30,000</u></td></tr> <tr> <td></td><td></td><td></td><td></td><td></td><td data-bbox="1153 425 1437 470">30/3 Bal. c/d <u>50,000</u></td></tr> <tr> <td></td><td></td><td></td><td data-bbox="860 470 1136 515">30/3/18 Bal. b/d <u>10,000</u></td><td></td><td data-bbox="1356 470 1437 515"><u>100,000</u></td></tr> <tr> <td></td><td></td><td></td><td></td><td data-bbox="1071 515 1136 560">50,000</td><td></td></tr> </table> <table> <tr> <th data-bbox="373 627 404 649">Dr.</th><th data-bbox="535 627 745 649">Motor Vehicle A/c</th><th data-bbox="795 627 828 649">Cr</th><th data-bbox="893 627 925 649">Dr</th><th data-bbox="1144 627 1266 649">CASH A/C</th><th data-bbox="1356 627 1388 649">Cr</th></tr> <tr> <td data-bbox="373 672 404 716">2/3/18</td><td data-bbox="438 672 633 716">G. motor <u>800,000</u></td><td data-bbox="649 672 795 716">30/3/18 Bal. <u>800,000</u></td><td data-bbox="893 672 925 716">4/3/18</td><td data-bbox="990 672 1136 716">Bank 20,000</td><td data-bbox="1153 672 1437 716">10/3/18 Drawing 80,000</td></tr> <tr> <td data-bbox="373 739 404 784">30/3</td><td data-bbox="438 739 633 784">Bal. b/d 80,000</td><td></td><td data-bbox="893 739 925 784">10/3/18</td><td data-bbox="990 739 1136 784">Sales <u>15,000</u></td><td data-bbox="1153 739 1437 784">10/3/18 Bal. c/d <u>27,000</u></td></tr> <tr> <td></td><td></td><td></td><td></td><td data-bbox="1071 806 1136 851"><u>35,000</u></td><td data-bbox="1356 806 1437 851"><u>35,000</u></td></tr> <tr> <td></td><td></td><td></td><td data-bbox="893 851 1136 896">30/3/18 Bal. b/d 27,000</td><td></td><td></td></tr> </table> <table> <tr> <th data-bbox="373 940 404 963">Dr.</th><th data-bbox="527 940 763 963">GENERAL MOTOR</th><th data-bbox="812 940 844 963">Cr</th><th data-bbox="909 940 941 963">Dr</th><th data-bbox="1096 940 1250 963">PURCHASES</th><th data-bbox="1356 940 1388 963">Cr</th></tr> <tr> <td data-bbox="373 985 404 1030">30/3</td><td data-bbox="438 985 568 1030">Bal. <u>800,000</u> b/d</td><td data-bbox="633 985 779 1030">2/3/18 Motor vehicle <u>800,000</u></td><td data-bbox="909 985 941 1030">6/3/18</td><td data-bbox="990 985 1136 1030">Bank <u>30,000</u></td><td data-bbox="1234 985 1437 1030">30/3 Bal. c/d <u>30,000</u></td></tr> <tr> <td></td><td></td><td data-bbox="633 1052 779 1097">30/3/18 Bal. b/d 80,000</td><td data-bbox="909 1052 941 1097">30/3/18</td><td data-bbox="990 1052 1136 1097">Bal. b/d 30,000</td><td></td></tr> </table> <table> <tr> <th data-bbox="373 1142 404 1164">Dr.</th><th data-bbox="511 1142 649 1164">SALES A/C</th><th data-bbox="779 1142 812 1164">Cr</th><th data-bbox="876 1142 909 1164">Dr</th><th data-bbox="1096 1142 1282 1164">DRAWING A/C</th><th data-bbox="1339 1142 1372 1164">Cr</th></tr> <tr> <td data-bbox="373 1187 404 1232">30/3</td><td data-bbox="438 1187 583 1232">Bal. <u>15,000</u> c/d</td><td data-bbox="600 1187 745 1232">10/3 Cash <u>15,000</u></td><td data-bbox="876 1187 909 1232">10/3/18</td><td data-bbox="974 1187 1136 1232">Cash <u>8,000</u></td><td data-bbox="1153 1187 1437 1232">30/3 Bal. c/d <u>80,000</u></td></tr> <tr> <td></td><td></td><td></td><td data-bbox="876 1254 1136 1299">30/3 Bal. b/d 8,000</td><td></td><td></td></tr> </table> <p data-bbox="779 1355 1050 1393">(20 x ½ = 10 marks)</p> | Dr | CAPITAL A/C | Cr | Dr | BANK A/C | Cr | 3/18 | Bal. <u>10,000</u> c/d | 1/3/18 Bank <u>100,000</u> | 1/3/18 | Capital 100,000 | 4/3 Cash 20,000 | | | 30/3/18 Bal. b/d 100,000 | | | 6/3/18 Purchases <u>30,000</u> | | | | | | 30/3 Bal. c/d <u>50,000</u> | | | | 30/3/18 Bal. b/d <u>10,000</u> | | <u>100,000</u> | | | | | 50,000 | | Dr. | Motor Vehicle A/c | Cr | Dr | CASH A/C | Cr | 2/3/18 | G. motor <u>800,000</u> | 30/3/18 Bal. <u>800,000</u> | 4/3/18 | Bank 20,000 | 10/3/18 Drawing 80,000 | 30/3 | Bal. b/d 80,000 | | 10/3/18 | Sales <u>15,000</u> | 10/3/18 Bal. c/d <u>27,000</u> | | | | | <u>35,000</u> | <u>35,000</u> | | | | 30/3/18 Bal. b/d 27,000 | | | Dr. | GENERAL MOTOR | Cr | Dr | PURCHASES | Cr | 30/3 | Bal. <u>800,000</u> b/d | 2/3/18 Motor vehicle <u>800,000</u> | 6/3/18 | Bank <u>30,000</u> | 30/3 Bal. c/d <u>30,000</u> | | | 30/3/18 Bal. b/d 80,000 | 30/3/18 | Bal. b/d 30,000 | | Dr. | SALES A/C | Cr | Dr | DRAWING A/C | Cr | 30/3 | Bal. <u>15,000</u> c/d | 10/3 Cash <u>15,000</u> | 10/3/18 | Cash <u>8,000</u> | 30/3 Bal. c/d <u>80,000</u> | | | | 30/3 Bal. b/d 8,000 | | |
|--------|--|-------------------------------------|--------------------------------|---------------------|--------------------------------|----------|----|------|---------------------------|----------------------------|--------|-----------------|-----------------|--|--|--------------------------|--|--|--------------------------------|--|--|--|--|--|-----------------------------|--|--|--|--------------------------------|--|----------------|--|--|--|--|--------|--|-----|-------------------|----|----|----------|----|--------|-------------------------|-----------------------------|--------|-------------|------------------------|------|-----------------|--|---------|---------------------|--------------------------------|--|--|--|--|---------------|---------------|--|--|--|-------------------------|--|--|-----|---------------|----|----|-----------|----|------|----------------------------|-------------------------------------|--------|--------------------|-----------------------------|--|--|-------------------------|---------|-----------------|--|-----|-----------|----|----|-------------|----|------|---------------------------|-------------------------|---------|-------------------|-----------------------------|--|--|--|---------------------|--|--|
| Dr | CAPITAL A/C | Cr | Dr | BANK A/C | Cr | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3/18 | Bal. <u>10,000</u> c/d | 1/3/18 Bank <u>100,000</u> | 1/3/18 | Capital 100,000 | 4/3 Cash 20,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 30/3/18 Bal. b/d 100,000 | | | 6/3/18 Purchases <u>30,000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | 30/3 Bal. c/d <u>50,000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 30/3/18 Bal. b/d <u>10,000</u> | | <u>100,000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | 50,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dr. | Motor Vehicle A/c | Cr | Dr | CASH A/C | Cr | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2/3/18 | G. motor <u>800,000</u> | 30/3/18 Bal. <u>800,000</u> | 4/3/18 | Bank 20,000 | 10/3/18 Drawing 80,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30/3 | Bal. b/d 80,000 | | 10/3/18 | Sales <u>15,000</u> | 10/3/18 Bal. c/d <u>27,000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | <u>35,000</u> | <u>35,000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 30/3/18 Bal. b/d 27,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dr. | GENERAL MOTOR | Cr | Dr | PURCHASES | Cr | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30/3 | Bal. <u>800,000</u> b/d | 2/3/18 Motor vehicle <u>800,000</u> | 6/3/18 | Bank <u>30,000</u> | 30/3 Bal. c/d <u>30,000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 30/3/18 Bal. b/d 80,000 | 30/3/18 | Bal. b/d 30,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dr. | SALES A/C | Cr | Dr | DRAWING A/C | Cr | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30/3 | Bal. <u>15,000</u> c/d | 10/3 Cash <u>15,000</u> | 10/3/18 | Cash <u>8,000</u> | 30/3 Bal. c/d <u>80,000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 30/3 Bal. b/d 8,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| (b) | <p data-bbox="360 1393 1205 1433">Benefits of intermediaries in the chain of distribution include;</p> <div data-bbox="360 1469 1312 1850"> <ul style="list-style-type: none"> (i) Breaking of bulk i.e. split goods into smaller quantities that can be conveniently purchased by consumers. (ii) Passing of important information between consumers and producers which improves the quality of goods produced. (iii) Accumulation of bulk to ensure a steady supply of goods throughout the years. (iv) Avails a variety of goods to the consumers from different producers. (v) They offer advisory services to the consumers. (vi) Prepare goods for sale to the benefit of consumers. (vii) Avail goods closer to the consumers. </div> <p data-bbox="998 1877 1308 1919">(Any 5 x 2 = 10 marks)</p> |
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| 4. (a) | <p>Benefits of savings accounts to a customer.</p> <ul style="list-style-type: none"> (i) Allows the customer to save and accumulate small amounts of money. (ii) Offers safe custody for the customer's money. (iii) Minimal charges are levied on the account. (iv) Customers earn interest on the account balance. (v) Requires little/no deposits to open. (vi) Customer may get bank loan on the basis of the savings accounts. (vii) Encourages the customer to invest from the savings. <p style="text-align: right;">(Any 5 x 2 = 10 marks)</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------|---|---------------------|---------|--|-----|------------------|--------|------------------|---------|--------------------|--------|-------------------|-------|--------------------|--------|---------------------|-------|--------------------|--------|--|--|------------|--------|--|--|--|---------|--|--|--|--|------------|---------|--|--|--|--------|--|
| (b) | <p>Ways in which a warehouse may promote trade include:</p> <ul style="list-style-type: none"> (i) Promote mass production by allowing the producer to continue producing goods since there is space for storage. (ii) Stabilizes prices by regulating the flow of goods by storing the surplus and releasing the goods when demanded. (iii) Ensures continuity of supply where seasonally produced goods are stored and gradually released to the market. (iv) It facilitates the preparation of goods for sale like branding, sorting, packaging e.t.c. (v) Creates time utility by ensuring that consumers get goods when required. (vi) Protection of goods from physical damage, theft and the damaging effects of weather. (vii) May add value to some goods, e.g. wine can improve in quality/ taste better when they stay for long time. <p style="text-align: right;">(Any 5 x 2 = 10 marks)</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. (a) | <p>Adan Traders Profit and Loss Account</p> <div style="text-align: center; margin: 10px 0;"> ADAN TRADER'S PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DEC. 2018 </div> <table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 40%;"></th><th style="width: 10%; text-align: right;">Sh</th><th style="width: 40%;"></th><th style="width: 10%; text-align: right;">Sh.</th></tr> <tr> <td>Discount allowed</td><td style="text-align: right;">15,000</td><td>Gross profit b/d</td><td style="text-align: right;">120,000</td></tr> <tr> <td>Salaries and wages</td><td style="text-align: right;">27,000</td><td>Discount received</td><td style="text-align: right;">2,400</td></tr> <tr> <td>Commission allowed</td><td style="text-align: right;">16,600</td><td>Commission received</td><td style="text-align: right;">9,000</td></tr> <tr> <td>Power and lighting</td><td style="text-align: right;">11,700</td><td></td><td></td></tr> <tr> <td>Net profit</td><td style="text-align: right;">61,100</td><td></td><td></td></tr> <tr> <td></td><td style="text-align: right; border-top: 1px solid black;">131,400</td><td></td><td></td></tr> <tr> <td></td><td></td><td>Net profit</td><td style="text-align: right;">131,400</td></tr> <tr> <td></td><td></td><td></td><td style="text-align: right;">61,100</td></tr> </table> <p style="text-align: right;">(10 x ½ = 5 marks)</p> | | Sh | | Sh. | Discount allowed | 15,000 | Gross profit b/d | 120,000 | Salaries and wages | 27,000 | Discount received | 2,400 | Commission allowed | 16,600 | Commission received | 9,000 | Power and lighting | 11,700 | | | Net profit | 61,100 | | | | 131,400 | | | | | Net profit | 131,400 | | | | 61,100 | |
| | Sh | | Sh. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Discount allowed | 15,000 | Gross profit b/d | 120,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salaries and wages | 27,000 | Discount received | 2,400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commission allowed | 16,600 | Commission received | 9,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Power and lighting | 11,700 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net profit | 61,100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 131,400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Net profit | 131,400 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | 61,100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| (ii) | ADAN TRADER'S BALANCE SHEET FOR THE PERIOD ENDED 31ST DEC. 2018 | | | |
| | Dr | | Cr | |
| | | Sh. | | Sh. |
| | Premises | 1,120,000 | Capital | 1,301,800 |
| | Furniture | 49,000 | Net profit | 61,100 |
| | Stock | 25,000 | Creditors | 37,300 |
| | Debtors | 55,000 | | |
| | Cash in hand | 65,000 | | |
| | Cash at bank | 80,000 | | |
| | | <u>1,394,000</u> | | <u>1,400,200</u> |
| | | | (10 x ½ = 5 marks) | |
| (b) | Benefits of communication to a business include. | | | |
| (i) | Enhances coordination between departments ensuring they all work towards achieving objectives of the business. | | | |
| (ii) | Helps maintain a positive relationship with other stakeholders. | | | |
| (iii) | Facilitates the decision making process within the business for better management. | | | |
| (iv) | Increased employee motivation due to clarification of goals, objectives and expectations. | | | |
| (v) | Better performance due to clear targets setting and feedback. | | | |
| (vi) | Increased sales due to effective product promotion. | | | |
| (vii) | Improved harmony in the business due to minimal conflicts since issues are clarified and challenges addressed. | | | |
| | (Any 5 x 2 = 10 marks) | | | |

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| 6. (a) | <p>Reasons that make it necessary for the government to promote entrepreneurship include:</p> <ul style="list-style-type: none"> (i) Job Creation. Trading activities may boost employment opportunities in the country. (ii) Opening up of remote parts of the country. Trading activities may attract support industries such as banks and infrastructure in some areas. (iii) To raise living standards. Trade usually brings goods that some areas may not be in a position to produce hence higher living standards by availing a variety to them. (iv) To reduce rural urban migration. When more people engage in business in the rural set-up, it may serve to lower the rate of rural urban-migration. (v) To promote innovation and creativity. Entrepreneurship encourages use of new technology which in turn results into high quality production. (vi) To make use of local resources. The Government may desire to put all the available resources into proper use. (vii) To save on imports. It may be necessary to produce commodities locally rather than buying from outside the country. <p style="text-align: right;">(Any 5 x 2 = 10 marks)</p> | |
| (b) | <p>Advantages of indirect production to the society include:</p> <ul style="list-style-type: none"> (i) Access to enough quantity of goods due to surplus production. (ii) Improved living standards due to high quality goods produced. (iii) They have access to many choices due to a variety of goods produced in the economy. (iv) They enjoy stable prices due to large scale production, specialization and competition. (v) Availability of employment opportunities since many people are engaged in various stages of production. (vi) The society enjoys improved infrastructure i.e. roads may be put up to support business activities. (vii) Improves the societal cohesion since many people are brought together from different areas to trade. (viii) Maximum utilization of available resources since production is meant for sale. <p style="text-align: right;">(Any 5 x 2 = 10 marks)</p> | |