

# TURNING POINT

## BUSINESS STUDIES P2 REVISION BOOKLET

### INTRODUCTION

Business studies is a subject made up of different disciplines namely: **COMMERCE, ECONOMICS, OFFICE PRACTICE, ENTREPRENEURSHIP & ACCOUNTING**. This subject is normally examined in two papers namely **P1**:-Comprising short answer questions totaling to about **24-25** questions and **P2** composed of **12** questions balanced from the five components of the subject.

Due to the narrow scope of P2 , it is therefore important for the candidates to be prepared in such a way that shall increase the probability of the candidate scoring good grade in the paper. This booklet therefore is directed at giving the candidates an insight on how to prepare qualitatively and broadly with expectations of doing well in BUSINESS STUDIES.

The author of the book is a seasoned examiner of the paper and currently a teacher a **ST MONICA CHAKOL GIRLS-BUSIA** . It is therefore my sincere hope that both the students and teachers of business studies shall find this booklet handy in preparation towards KCSE as well as other relevant business exams such as KASNEB EXAMS.

ALL THE BEST AND SUCCESS IS GUARANTEED!!!

# PART A

## TECHNIQUES OF ANSWERING QUESTIONS.

Different questions require different approaches in business studies P2. The questions range from:

1. Explain advantages/merits/benefits, disadvantages/challenges/demerits
2. Explain factors, characteristics/features, principles, methods, measures, tools
3. Explain circumstances
4. Describe a procedure
5. Compare phenomena
6. ACCOUNTING (LAST PART OF THE BOOK)

For a student to score maximum marks in each question the candidate has to use appropriate approach in each category of questions as follows;

### ***1. Explain advantages/merits/benefits, disadvantages/challenges/demerits***

Here the candidate is required to give an in depth explanation of the advantage or disadvantage by giving the consequence of it or, and how it comes about

#### **Example1**

**Explain five advantages of using a train as a means of transport.(10 marks)**

#### **Possible response**

**It has a large carrying capacity hence can carry large volumes of goods/  
many people at once**

- In the response, large carrying capacity is the advantage. The consequence is “carry large volume of goods at once”. Therefore for a student to score 2-marks in the point both the advantage and the consequence must be present. Otherwise 1-mark for the advantage

NB. In most cases candidates confuse the advantages and the consequences e.g. in the example above a candidate could just give the consequence only by saying; **“railway transport carry more goods”** in this case the advantage is not given hence the student do not score. However a candidate who states that “railway transport carries more goods since it is large” will score full marks since both the mention and the consequence are available even though the mention of the advantage comes at the end of the point.

It is therefore prudent for a candidate to make use of words such as :- hence, therefore, since, because etc, these connectors comes as a result of asking yourself why? or so?

## ***2. Explaining factors, characteristics/features, principles, methods, measures ,tools***

Here the candidate is required to clearly outline the factors or characteristics or methods etc in the direction of the question and then give the consequence of the factor or define the method or characteristic.

Most candidates do not follow the correct approach at the point of mention and only ends up repeating the mention rather than explain the factor.

### **Example 2. (F1 TOPIC ENTREPRENEURSHIP)**

**Explain five factors that may lead to success of a business.**

### Possible response

**Good infrastructure that may lead to easy movement of goods/ raw materials/labour to the market.**

In the response **good infrastructure** is the mention of the point then the consequence becomes the explanation. (**easy movement of goods/people**)

**NB.** most candidates mention the point generally and then specifies in the explanation and hence ends up scoring only 1 mark for the mention at the point of their explanation. Eg. **‘infrastructure; availability of good roads leads to success of a business’** here the mention is **‘availability of good roads’** which is an example of infrastructure . the candidate has not expanded on how the benefit comes before success of a business.

### Example 3 (FORM 3 TOPIC-DEMAND & SUPPLY)

**Explain five methods that can be used to determine price of a good in the market**

Here the method should be stated clearly and then expanded by demonstrating how it operates.

Possible response

By bargaining/haggling where the seller quotes a higher price and the buyer quotes a lower than that. They then negotiate until they reach a common price.

### ***3. Explaining circumstances***

Here the candidate is required to identify the circumstance and then give a consequence qualifying it for 2marks.

Most candidates however have a tendency of stating the circumstance and then expect to score all the marks which is not possible!

#### **Example 4**

**Explain five circumstances under which a cheque may be dishonored by the drawee.**

#### **Possible response**

When the amount in words differ with amount in figures such that the drawee does not know which one is accurate.

The circumstance is '**amount in words differ with amount in figures**'. The explanation is the consequence '**the drawee does not know which one is accurate**'

**NB.** Words such as **when , if, where, incase** are used however they may come at stating point as shown above or at expansion part as shown below:

#### **Possible response**

Postdated cheque; when a cheque is presented for payment before the maturity date.

### ***4. Describing a procedure.***

Here the candidate is required to give orderly steps accounting for a certain process.

If the candidates starts with a wrong step and then the subsequent are all correctly ordered then the candidate loses only the first part. But if the candidate starts correctly and then misses other steps the candidate scores only up to just before the wrong step.

These questions normally come from some predetermined topics such as:

- I. DOCUMENTS USED IN HOME TRADE-F1 TOPIC*
- II. INSURANCE-F2 TOPIC*
- III. PERSONAL SELLING-F2 TOPIC*
- IV. BUSINESS UNITS(FORMATION OF COMPANIES)-F2 TOPIC*
- V. CHAINS OF DISTRIBUTION-F3 TOPIC*
- VI. INTERNATIONAL TRADE-F4 TOPIC*

NB. A candidate must be familiar with the steps before attempting such questions.

## ***5. Comparing phenomena***

Here candidates are required to compare two items using matching features /characteristics/properties.

Most candidates fail to score because they either;

- a. Give one side and use the word **not** for the other side.
- b. Give features which are not matching.

Questions of these nature either a candidate scores full marks (2marks) or zero even if one side is correct since the difference must be clear.

NB. Candidates are encouraged to compare using a table format.

Example 5

Outline five difference between land and labour as basic factors of production.

Possible response.

<b>LAND</b>	<b>LABOUR</b>
a) Is a natural resource	Is a human resource
b) Supply is fixed	Supply can be increased
c) Is geographically immobile	Is geographically mobile
d) Reward is rent	Reward is salary/wages/commission
e) Is durable/ can be stored	Highly perishable
f) Appreciates in value	Depreciates in value

**NB.**

- i. **Not all properties of land/labour shall be used here since some are similarities such as**
  - they are both not homogeneous
  - they are both subject to the law of diminishing returns
  - both can be improved by technology etc
- ii. **Candidates should avoid responses such as land is a natural resource while labour is not a natural resource. " Tell the examiner what labour is not what it is not".**

## **PART B:**

# **TOPICAL ANALYSIS OF POSSIBLE PAPER 2 QUESTIONS**

This book therefore has organized the possible paper 2 questions under the five areas discussed in PART A. Namely;

*A. Explain advantages/merits/benefits,*

*disadvantages/challenges/demerits-CASE 1*

*B. Explaining factors, characteristics/features, principles,*

*methods, measures ,tools-CASE 2*



***C. Explaining circumstances-CASE 3***

***D. Describing a procedure –CASE 4***

***E. Comparing phenomena – CASE 5***

## **FORM 1 WORK**

### **QUESTIONS ON CASE 1**

**(ADVANTAGES/MERITS/BENEFITS,DISADVANTAGES/CHALLENGES)**

#### ***INTRODUCTION***

1. Explain five benefits of business studies to a community

#### ***BUSINESS AND ITS ENVIRONMENT***

2. Explain five reasons as to why a person may start a business
3. Explain five advantages of a good business structure

4. Explain five advantages of political stability in the success of a business
5. Explain five benefits enjoyed by a firm that uses modern technology on its operation
6. Explain five importance of business in society

### ***SATISFACTION OF HUMAN WANTS***

7. Explain five challenges human beings face in the process of satisfying their wants
8. Explain five reasons that may make a country to remain underdeveloped though it is endowed with many natural resources.

### ***PRODUCTION***

9. Explain five roles of an entrepreneur in a production process
10. Explain five benefits of specialization in an organization
11. Explain five disadvantage of division of labour in an organization

### ***ENTREPRENEURSHIP***

12. Explain five importance of entrepreneurship to a country
13. Explain five benefits of a small business may enjoy by preparing a business plan
14. Explain five benefits of good ethics to a business

### ***THE OFFICE***

15. Explain five advantage of photocopying as a method of reproducing documents
16. Explain five benefits of filing documents in an office
17. Explain five advantages of computerized filing as opposed to paper filing

18. Explain five advantages of landscape office layout
19. Explain five advantages of using efficient office machines
20. Explain five challenges that arise as a result of using machines in production
21. Explain five roles of a general manager in an organization
22. Explain five benefits of using computers in organization
23. Explain five challenges an organization may experience in the process of using computers to carry out their activities
24. Explain five advantages of using computers for electronic commerce (E-Commerce)
25. Explain five benefits of locating an office outskirts of town

### ***HOME TRADE***

26. Explain five advantages of trade to a country
27. Explain five advantages of small scale retailers
28. Explain five advantages of purchasing goods from a supermarket
29. Mobile shops are common in Kenya today, explain five advantages of such forms of retail business
30. Explain five reasons why hypermarkets are becoming more popular in urban areas
31. Explain five benefits retailers obtain from wholesalers
32. Explain five benefits consumers enjoy from retailers
33. Explain five benefits a person obtains by using credit cards to acquire goods
34. Explain five challenges a person may experience while using credit cards to

acquire goods

## **QUESTIONS ON CASE 2**

**(FACTORS/CHARACTERISTICS/FEATURES/MEASURES/METHODS)**

### ***INTRODUCTION***

35. Explain five disciplines that makes up business studies

### ***BUSINESS AND ITS ENVIRONMENT***

36. Explain five business activities an individual may engage in

37. Explain five resources that a business require to operate efficiently

38. Explain internal factors that may promote success of a small business

39. Explain five ways in which demographic environment may hinder growth of a business

40. Explain five macro-environmental factors that may lead to success of a business

41. Explain five ways a business can overcome competition in a market

### ***SATISFACTION OF HUMAN WANTS***

42. Explain five characteristics of human wants

43. Outline five characteristics of economic resources

44. Explain five characteristics of basic human wants

### ***PRODUCTION***

45. Explain four ways in which utility of goods are created

46. Explain four types of utility in production process
47. Explain five characteristics of capital as a factor of production
48. Describe five categories of goods that can be produced in a country

### ***ENTREPRENEURSHIP***

49. Explain five characteristics of a successful entrepreneur/ business person
50. Describe five sources of business idea
51. Explain five business considerations when evaluating a business opportunity
52. Explain any five items to be included in a business plan
53. Explain five factors that may promote entrepreneurship in a country
54. Explain five factors that may lead to success of a business
55. Explain five ways a manager may use to promote efficiency of human resource in a business
56. Explain five ways business owners can promote good ethics in an economy

### ***THE OFFICE***

57. Explain five functions of an office in an organization
58. Describe five methods that can be used to reproduce documents in an organization
59. Explain five measures an organization may put in place to protect their properties
60. Explain five qualities of a good filing system
61. Explain five characteristics of landscape office layout
62. Explain five factors to consider when choosing office machines/equipment
63. Explain five personal attributes an employ should portray

64. Explain five office etiquette expected to be observed by employees
65. Explain five factors to consider when selecting a means of reproducing documents
66. Explain five ways in which computers are used in an office
67. Explain five ways in which computers may be used in communication
68. Explain five current trends in office management

### ***HOME TRADE***

69. Describe five small scale retailers with shops
70. Explain five types of wholesalers
71. Explain five ways through which retailers can prepare goods before selling them to consumers
72. Explain five means of payment that may be used to complete transaction between the buyer and the seller
73. Describe five forms of open trade credit that can be used to acquire goods by a buyer
74. Explain five factors to consider before selling goods on credit

## **QUESTIONS ON CASE 3 (CIRCUMSTANCIAL)**

### ***BUSINESS AND ITS ENVIRONMENT***

75. Explain five circumstances under which demographic environment may lead to success of a business

### ***HUMAN WANTS***

76. Outline five circumstances under which a want may be classified as basic

### ***ENTREPRENEURSHIP***

77. Explain five circumstances under which a market gap may occur to be filled by an entrepreneur

78. Explain five circumstances under which traders may exploit consumers

### ***THE OFFICE***

79. Explain five circumstances under which photocopying may be used to reproduce documents

### ***HOME TRADE***

80. Outline five circumstances that may make producers to use retailers /wholesalers in distribution of their goods

81. Explain five circumstances under which a pro-forma invoice could be issued to a buyer

82. Outline five circumstances under which cash- with order is appropriate

83. Outline five circumstance under which a cheque may be dishonored

84. Outline five circumstance under which payment using a cheque may be appropriate

85. Outline five circumstance under which the seller may refuse to give goods on credit to a customer

86. Explain circumstances under which deferred payment is appropriate

## **QUESTIONS ON CASE 4 (PROCEDURAL)**

### ***HOME TRADE***

87. Describe five documents used to communicate between the buyer and the seller before the goods are finally delivered to the buyer

## **QUESTIONS ON CASE 5 (COMPARISON)**

### ***SATISFACTION OF HUMAN WANTS***

88. Describe five differences between goods and services
89. Outline five differences between basic wants and secondary wants
90. Explain five similarities between goods and economic resources

### ***PRODUCTION***

91. Outline five differences between direct production and indirect production

### ***THE OFFICE***

92. Outline five differences between open office layout and enclosed office layout

### ***HOME TRADE***

93. Explain five differences between a departmental store and a chain store
94. Outline five differences between a supermarket and a kiosk
95. Outline five differences between postal order and money order
96. Outline five differences between hire purchase and credit purchase



## **FORM 2 WORK.**

### **QUESTIONS ON CASE 1**

#### **(ADVANTAGES/MERITS/BENEFITS,DISADVANTAGES/CHALLENGES)**

##### ***BUSINESS UNITS***

97. Explain five advantages one enjoys by running a sole proprietorship
98. Explain five benefits of joining a producer cooperative by a potential producer
99. Explain five challenges facing cooperatives in Kenya
100. Explain five benefits of privatizing public corporations
101. Explain five advantages of operating a partnership form of business
102. Explain five advantages of an employee joining a savings and credit cooperative society (SACCO)
103. Explain five challenges facing Parastatals in Kenya
104. Explain five benefits of a stock market to an economy
105. Explain five reasons why firms should be encouraged to merge/amalgamate

##### ***GOVERNMENT AND BUSINESS***

106. Explain five reasons why government may engage in business activities
107. Explain five demerits of government participation in trading activities in an

economy

108. Explain five reasons why government issue license to business persons
109. Explain five benefits of government training business people
110. Explain five roles plaid by Kenya Trade Authority (KETA)
111. Explain five advantages of government participation in business in an economy
112. Explain five ways through which consumers may be exploited by traders
113. Explain five reasons why consumers need to be protected by government
114. Explain five challenges facing consumer initiated methods as a means of consumer protection

### ***TRANSPORT***

115. Explain five benefits of transport as an aid to trade in an economy
116. Explain five advantages of using carts as a means of transport as opposed to human portage
117. Explain five demerits facing use of carts as a means of transport in towns
118. Explain five challenges facing 'Matatu' transport in Kenya today
119. Explain five benefits of using railway transport for cargo goods
120. Railway transport is being advocated to overtake road transport. Despite this it still faces some challenges. Explain five challenges that the current SGR is likely to face
121. Explain five demerits of water transport

122. Explain five challenges facing air transport in Kenya
123. Explain five benefits of using containers to transport goods
124. Explain five challenges facing pipeline transport
125. 'Boda Boda' has become a common means of transport to complement road transport. Explain five challenges facing this form of transport in Kenya
126. Explain five limitations of containerization

### ***COMMUNICATION***

127. Explain five roles of effective communication in an organization
128. Explain five advantages of face to face communication
129. Explain five challenges facing use of telephone as a means of communication
130. Explain five barriers to effective communication
131. Explain five benefits of using electronic mail to pass information

### ***WAREHOUSING***

132. Explain five benefits of warehousing to a consumer
133. Explain five advantages of using a private warehouse as opposed to public warehouse
134. Explain five benefits of bonded warehouse to the government
135. Explain five ways an importer may benefit from a bonded warehouse
136. Explain five challenges faced by traders who rely on public warehouse to

store their goods

### ***INSURANCE***

- 137. Explain five benefits of insurance companies to an economy
- 138. Explain five benefits of pooling of risk to the insurance company

### ***PRODUCT PROMOTION***

- 139. Explain five importance of product promotion
- 140. Explain five benefits of using personal selling as a means of product promotion
- 141. Explain five advantages of advertising to the consumer
- 142. Explain five benefits of using radio to advertise a product
- 143. Explain five challenges facing use of posters to promote a product
- 144. Explain five roles of advertising agencies
- 145. Explain five benefits of using after sale services to popularize a product
- 146. Explain five advantages of publicity as a means of product promotion

## **QUESTIONS ON CASE 2**

**(FACTORS/CHARACTERISTICS/FEATURES/MEASURES/METHODS)**

### ***BUSINESS UNITS***

147. Explain five sources of capital for a partnership form of business
148. Explain five source of capital or a public limited company
149. Explain five characteristics of a parastatal
150. Describe five types of partners in a partnership
151. Explain five documents needed before a public limited company can start its operations
152. Outline five contents of a partnership act
153. Describe five clauses of memorandum of association of a company
154. Explain five principles of cooperatives
155. Explain five types of partnerships

### ***GOVERNMENT AND BUSINESS***

156. Explain five methods the government may use to participate in business activities
157. Explain five ways through which government may provide enabling environment for businesses to thrive in Kenya

158. Describe five methods government can put in place to ensure consumers are protected

### ***TRANSPORT***

159. Explain five factors to consider when choosing a means of transport
160. Describe the four essential elements of transport

### ***COMMUNICATION***

161. Describe five elements of effective communication
162. Explain five forms of written communication
163. Explain five factors to consider when selecting a method of communication
164. Describe five services provided by the post office to promote effective communication in Kenya

### ***WAREHOUSING***

165. Explain five factors to consider before designing and locating a warehouse

### ***INSURANCE***

166. Explain five principles of insurance

167. Explain five policies under general insurance that a business owner may take
168. Describe five marine policies that a ship owner may take to protect his ship business
169. Explain factors the insurance company may consider before determining premium to be paid in life assurance

### ***PRODUCT PROMOTION***

170. Explain five qualities of a good sales person
171. Explain five methods of personal selling
172. Explain five media of advertising a producer may use to popularize his product
173. Explain five types of advertising
174. Explain five factors to consider when choosing a means of product promotion
175. Explain any five methods of product promotion that can be used to popularize a product

## **QUESTIONS ON CASE 3 (CIRCUMSTANCIAL)**

### ***BUSINESS UNITS***

176. Outline five circumstances under which a partnership may be dissolved
177. Explain five circumstances under which a public limited company may be dissolved

178. Outline five circumstances that may necessitate formation of cartels by sugar companies in Kenya

179. Outline five circumstances under which consumers may be exploited by traders

### ***TRANSPORT***

180. Outline five circumstances under which railway transport is appropriate

181. Outline five circumstances under which a trader may opt to transport her goods by air from Kisumu to Mombasa

### ***COMMUNICATION***

182. Outline five circumstances under which written communication will be appropriate

183. Outline five circumstances under which vertical communication lines may be used in an organization

184. Explain five circumstances that may lead to ineffective communication

### ***INSURANCE***

185. Outline five circumstances under which an insurance company may reinsure itself

186. Explain five circumstances under which an insurer may decline to compensate a client



### ***PRODUCT PROMOTION***

187. Outline five circumstances under which a producer may use sales persons to promote a product

## **QUESTIONS ON CASE 4 (PROCEDURAL)**

### ***BUSINESS UNITS***

188. Describe the procedure of forming a public limited company

### ***INSURANCE***

189. Describe the steps for obtaining an insurance policy
190. Describe the procedure for claiming for compensation

### ***PRODUCT PROMOTION***

191. Describe the procedure for personal selling

## **QUESTIONS ON CASE 5 (COMPARISON)**

### ***BUSINESS UNITS***

192. Outline five differences between a partnership and a cooperative
193. Outline five differences between a public limited company and private limited company
194. Outline five differences between a sole proprietorship and a parastatal

195. Outline five differences between ordinary shares and preference shares

***TRANSPORT***

196. Outline five differences between liners and tramps as means of transport

***WAREHOUSING***

197. Outline five differences between a private warehouse and a public warehouse

***INSURANCE***

198. Outline five differences between property insurances and life insurances
199. Outline five differences between gambling and insurance

## **FORM 3 WORK**

### **QUESTIONS ON CASE 1**

**(ADVANTAGES/MERITS/BENEFITS,DISADVANTAGES/CHALLENGES)**

#### ***SIZE AND LOCATION OF A FIRM***

200. Explain five advantages of locating industries in different parts of the country
201. Explain five challenges of concentration of firms in a particular area
202. Explain five internal benefits a firm enjoys when it expands in size
203. Explain five negative impact of production activities on the environment and community

#### ***CHANNELS OF DISTRIBUTION***

204. Outline five reasons why a retailer would charge higher price on a commodity than a producer
205. Explain five advantages of having middlemen in a chain of distribution

#### ***NATIONAL INCOME***

206. Outline five assumptions of circular flow of income
207. Explain five problems associated with expenditure approach in measuring

national income

208. Explain five uses of national income statistics to a country
209. Explain five reasons why it is difficult to compare living standards in different countries using national income statistics
210. Explain five problems associated with income approach in measuring national income

### ***POPULATION AND EMPLOYMENT***

211. Explain five challenges of under population to an economy
212. Explain five benefits of over population to a country
213. Explain five challenges of youthful population
214. Explain five disadvantages of an over populated country
215. Explain five negative effects of a rapidly increasing population

## **QUESTIONS ON CASE 2**

**(FACTORS/CHARACTERISTICS/FEATURES/MEASURES/METHODS)**

### ***DEMAND AND SUPPLY***

216. Demand for 'smart' phones has increased in Kenyan market, explain five factors that may have led to the trend
217. Explain five methods the government may use to reduce demand for a certain commodity
218. Supply of maize grain have increased in the market. Outline five factors that may have led to this

219. Explain five methods the government can use to increase supply of an essential commodity in an economy
220. Explain five methods that can be used to determine the price of a commodity in the market
221. Explain five ways through which the government may influence prices of commodities

### ***SIZE AND LOCATION OF A FIRM***

222. Explain five factors that will influence the goods or services provided by a business
223. Explain five factors that would influence the location of a firm
224. Explain five ways through which the government may encourage location of firms in rural areas
225. Explain five factors that promote existence of small businesses

### ***PRODUCT MARKET***

226. Explain five elements of a product/commodity market
227. Explain five characteristics of a perfect market structure
228. Explain any five types of product market

### ***CHANNELS OF DISTRIBUTION***

229. Explain five factors a producer would consider when selecting a distribution channel for a product

### ***NATIONAL INCOME***

- 230. Explain five factors that affects circular flow of income
- 231. Explain five expenditure items included in national income calculation
- 232. Explain five factors that may lead to increase in national income of a country

### ***POPULATION AND EMPLOYMENT***

- 233. Explain five factors that may increase fertility rate of a country
- 234. Explain five factors that may lead to decline in birth rate in a country
- 235. Explain five types of unemployment that can be experienced in a country
- 236. Explain five factors that may have contributed to high rate of unemployment in Kenya
- 237. Explain five measures that Kenyan government can put in place to reduce unemployment rate

## **QUESTIONS ON CASE 3 (CIRCUMSTANCIAL)**

### ***DEMAND AND SUPPLY***

238. Outline five circumstances that may lead to a drop in the demand for a product

***SIZE AND LOCATION OF A FIRM***

239. Outline five circumstances under which the size of a firm would be said to be large
240. Explain five circumstances under which a firm may be located near source of raw material
241. Outline five circumstances under which a small firm may exist in an economy dominated by large companies
242. Explain five circumstances under which a monopoly market structure would exist

***CHANNELS OF DISTRIBUTION***

243. Explain five circumstances that would make a manufacturer to sell directly to consumers

***POPULATION AND EMPLOYMENT***

244. Outline five circumstances that would lead to rapid population growth rate in a country

## **QUESTIONS ON CASE 4 (PROCEDURE)**

### ***DEMAND AND SUPPLY***

245. With well-illustrated diagram describe the effect of an increase on demand of a product on the equilibrium point
246. With aid of appropriate diagram explain excess demand and excess supply
247. With aid of appropriate diagram explain how the price of a commodity is determined in a free market situation

### ***PRODUCT MARKET***

248. With aid of appropriate diagram describe the concept of price rigidity in oligopoly market

### ***CHANNELS OF DISTRIBUTION***

249. Describe five channels for distributing locally manufactured milk in Kenya
250. Describe five channels for distributing imported products from Dubai

### ***NATIONAL INCOME***

251. Describe the circular flow of income



### ***POPULATION AND EMPLOYMENT***

- 252. Describe the vicious cycle of rapid population growth
- 253. With aid of a well labeled diagram explain the concept of optimum population

### **QUESTIONS ON CASE 5 (COMPARISON)**

#### ***DEMAND AND SUPPLY***

- 254. With aid of well labeled diagrams distinguish between movement a long supply curve and shift in supply curve

#### ***PRODUCT MARKET***

- 255. Outline five differences between monopoly market and perfect competition market
- 256. Outline five differences between monopolistic competition and oligopoly

## **FORM 4 WORK.**

### **QUESTIONS ON CASE 1**

**(ADVANTAGES/MERITS/BENEFITS,DISADVANTAGES/CHALLENGES)**

#### ***MONEY AND BANKING***

257. Explain five challenges facing barter trade
258. Explain five roles money play in an economy a part from being a medium

of exchange

259. Explain five benefits clients obtain by being members of a commercial bank
260. Explain five roles plaid by the central bank of Kenya
261. Explain five benefits of Electronic Banking (M-banking) to the bank customer
262. Explain five challenges clients face by making use of ATM cards to access their bank accounts

### ***PUBLIC FINANCE***

263. Explain five purposes of public finance in an economy
264. Explain five reasons why government taxes economic units
265. Explain five advantages of using direct taxes in an economy
266. Explain five demerits of indirect taxes

### ***INFLATION***

267. Explain five negative effects of inflation in an economy

### ***INTERNATIONAL TRADE***

268. Explain five benefits a country enjoys by engaging in foreign trade

269. Explain five reasons why Terms Of Trade between Kenya and Japan differ with Kenya having unfavorable Terms Of Trade
270. Explain five benefits of economic integration / trade bloc to a member country
271. Explain five reasons why a country would regulate trade with other countries
272. Explain five benefits of trade liberalization by a country
273. Explain five benefits a country will enjoy by creating an Export Processing Zone
274. Explain five roles plaid by IMF to their members
275. Explain five advantages Kenya obtains by being a member of African Development Bank (ADB)
276. Explain five benefits a country enjoys by being a member of World Bank

### ***ECONOMIC DEVELOPMENT AND PLANNING***

277. Explain five benefits a country may enjoy by formulating a development plan
278. Explain five challenges a country may encounter in the process of implementing a development project
279. Most African countries are not able to come up with a viable development plan. Outline five reasons that lead to this scenario.

## QUESTIONS ON CASE 2

### (FACTORS/CHARACTERISTICS/FEATURES/MEASURES/ METHODS)

#### *MONEY AND BANKING*

280. Explain five characteristics of a good money material
281. Explain five factors that may determine the amount of money an individual may keep for transaction motive
282. Explain five factors that would determine amount of money kept for precautionary motive
283. Explain five facilities commercial banks may use to transfer money from one party to another
284. Explain five items required for an individual to open a current account with a commercial bank
285. Explain five types of non-banking financial institutions in Kenya
286. Explain five monetary policies /tools the central bank can employ to reduce excess money in circulation
287. Explain five trends in the banking sector in Kenya

### ***PUBLIC FINANCE***

- 288. Explain five source of revenue to Kenyan government
- 289. Explain five factors to consider before spending public resources
- 290. Explain five principles of a good tax system
- 291. Explain five types of direct taxes
- 292. Explain five types of indirect taxes

### ***INFLATION***

- 293. Explain five factors that may lead to demand pull inflation
- 294. Explain five factors that may lead to cost push inflation
- 295. Explain five fiscal policies that the government may use to control inflation
- 296. Explain five statutory measures parliament may pass to control inflation
- 297. Demand pull inflation mainly comes as a result of excess money in circulation. Explain five monetary tools the government may employ through the central bank to control such type of inflation

### ***INTERNATIONAL TRADE***

- 298. Explain five measures Kenyan government may take to correct Unfavorable Balance of Payment
- 299. Explain five terms of sales under which an importer may use to acquire goods a broad

300. Explain five documents that can be used to communicate between an importer and exporter of goods in foreign trade
301. Explain five methods Kenyan government can use to control trade with the rest of the world
302. Explain five forms of economic integration
303. Outline five characteristics of economic union as a form of economic integration
304. Explain five characteristics of Less Developed Nations
305. Explain five structural changes a country would experience as it approaches its developmental objectives
306. Explain five factors that may hinder developmental growth of a country

## **QUESTIONS ON CASE 3 (CIRCUMSTANTIAL)**

### ***PUBLIC FINANCE***

307. Explain five circumstances under which government may use direct taxes

### ***INTERNATIONAL TRADE***

308. Explain five circumstances that may lead to unfavorable terms of trade of a country

## **QUESTIONS ON CASE 5 (COMPARISON )**

### ***MONEY AND BANKING***

309. Outline five differences between current account and savings account of a commercial bank
310. Explain five differences between commercial banks and micro financial institutions

### ***PUBLIC FINANCE***

311. Outline five differences between direct tax and indirect tax

**END OF THEORY WORK**

**PART 3 ACCOUNTING.**