**Term 1 – 2023 OPENER EXAM**

**BUSINESS STUDIES (565/1)**

**FORM FOUR(4)**

**Time:** $2 Hours$

 **MARKING SCHEME**

1.

(a) Primary

(b) Tertiary

(c) Secondary

(d) Tertiary

**2. Four circumstances under which a firm may be located near a raw material source**

(i) Where the raw materials are too bulky compared to the final product

(ii) Where the raw materials are perishable

(iii) Where raw materials are located near the market for the final product

(iv) Where the government policy requires such firms to be located at the raw materials source to reduce pollution

(v) Where the raw materials are fragile

**3. A/c debited A/c credited**

(i) Bank a/c Cash a/c

(ii) Drawing a/c Cash a/c

(iii) Purchase a/c Creditors a/c

(iv) Furniture a/c Bank a/c

**4. Four drawbacks that accrue to a society that practice subsistence production**

(i) Poor quality goods

(ii) Low rate of production

(iii) Low standards of living

(v) Lack of creativity and innovation

**5. Four benefits that are likely to result from the new standard Gauge Railway line in Kenya**

(i) Effective transport of heavy goods

(ii) Effective transport of bulky goods

(iii) Reduce congestion on roads

(v) Cheap over long distance

(vi) Growth of towns centres along the Terminal

**6. Four measures that a trader should take to ensure smooth functioning of his private warehouse**

(i) Provide well trained personnel

(ii) Ensure it is located at a suitable place

(iii) Provide proper building

(iv) Provide good communication network

(vi) Proper recording system

**7. Four channels that can be used to distribute coffee from Kenya to a consumer in USA**

(i) Local farmer → marketing board → Foreign wholesaler → Foreign consumer

(ii) Local farmer →Government agent →Foreign wholesaler →Foreign consumer

(iii) Local farmer →Producer co-operative →Marketing board →Foreign retailer →Foreign consumer

(iv) Local farmer→Government agent →Foreign retailer →Foreign consumer

**8. Four barriers associated with written communication**

(i) Prejudgment

(ii) Language barrier

(iii) Negative altitude

(iv) Emotional response

**9. Four reasons why a firm may not realize any benefits from free publicity**

(i) The firm has no control on the timing

(ii) The media may give negative information

(iii) It may not cover the information that is crucial to survival of the business

(iv) It is irregular and short –lived

**10. Four disciplines incorporated in business studies course.**

a) Accounting

b) Economics

c) commerce

d) Office practice

e) entrepreneurship

**11. Types of partners in a partnership**

a) Real partners

b) Active partners

c) quasi partners

d) General partners

e) Limited partners

f) Sleeping partners/dormant

g) major partners

h) minor partners

**12. Factors that may cause a shift in supply curve to the left. (4mks)**

a) Use of poor technology

b) Natural calamities e.g. floods

c) Incidences of strikes

d) Inadequate factors of production.

e) Lack of adequate time to adjust to changes.

f) unfavorable government policy i.e. high taxation and reduced subsidies

g) High cost of production 1x4 = 4mks

**13. Consequences of poor arrangement of goods in a warehouse. (4mks)**

a) Wastage of space in the warehouse.

b) time wasted in dispatching or locating goods.

c) Possible damage of goods /breakages

d) Poor reputation of the business

e) Minimum profits may be realized by the owners.

f) Loss of revenue to the government

g) It hinders free movement of staff

**14. Complete the following table by filling in the Blank spaces (4mks)**

**PROFITS DRAWINGS INITIAL CAPITAL ENDING CAPITAL**

a) **55,000** 5,000 200,000 250,000

b) 40,000 **10,000** 350,000 380,000

c) 50,000 15,000 **365,000** 400,000

d) 60,000 10,000 500,000 **550,000**

**15.** **Circumstances under which a commodity may be distributed directly to the consumers.**

a) Where the commodity is perishable

b) Where the commodity requires technical advice from the producer.

c) Where the commodity is produced by order.

d) Where the commodity is urgently needed.

e) Where the government policy dictates

f) Where the consumers is close to the producer.

**16. Challenges of a young population.**

a) High dependency ratio

b) High rate of unemployment

c) Increased social evils/crimes

d) Low labour supply

e) Pressure on goods and services required by the youth

f) Reduced savings and investment as a result of high rate of consumption by the young people.

g) Diversion of government expenditure from other needy sectors as it cares for welfare of the youth.

**17.**

$$Compensation=\frac{Sum Insured}{True Value of Car}×Loss$$

 $=\frac{1,500,00}{2,000,000}×1,000,000$

 $=750,000$ (3 mks)

Reason: because it was under injured (1mk)

**18. Office staff**

**Staff Category**

a) Clerk ………………………… Junior

b) Accountant………………… Senior

c) Persona secretary…………… Senior

d) Messenger…………………… Subordinate

**19. Role played by Kenya Bureau of standards (KEBS).**

a) Sets National quality standards.

b) Ensures that commodities meet standards always.

c) Examiners and tests commodities before being sold

d) Stamps commodities which meet standards as a sign of quality.

e) Taking to court businesses which do not produce quality goods and services.

f) Advice Producers and traders of required standards of commodities.

**20. Four features of oligopoly market structures.**

1. Sellers are few
2. Characterized by price ways
3. Firms face kinked demand curve
4. Price / output decisions are highly interdependent
5. Action of each firm in terms of price/ output are likely to lead to reactions from
6. Other firms in the industry

**21.**

i) Public warehouse

ii) Free warehouse

iii) Bonded excise

iv) Free warehouse (4mks)

**22.**

i) No effect

ii) Decrease

iii) Increase

iv) No effect

**23. Four factors that determine the size of a country’s national income.**

1. Natural resource endowment
2. Level of technology used
3. Size and skills of working population
4. Political employment (4mks)

**24.**

Vijana Traders

Balance sheet

As at 30th June 2021

|  |  |
| --- | --- |
|  **Shs Shs****Fixed Assets**Land and Buildings 450,000Motor Vehicles 640,000 1,090,000**Current Assets**Debtors 30,000  1,120,000 |  **Shs Shs**Capital 640,000Add Profit 104,000Less Drawings 104,000Net Capital 640,000**Short Term liabilities**Bank Overdraft 400,000Creditors 80,000 480,000 1,120,000 |

**25. Limitations of customer associations.**

1. Lack support from the government
2. Consumers are ignorant of their rights.
3. Inadequate management of the association
4. Inadequate funds to finance their operations.