**CEKENAS END OF TERM TWO EXAMS-2022**

**FORM FOUR**

***Kenya Certificate Of Secondary Education (K.C.S.E)***

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**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**AUGUST/ SEPTEMBER - 2022**

**MARKING SCHEME**

**1. Methods of Trade restriction used by the government. (4mks)**

i)Use of Tariff

ii)Use of quotas

iii) Imposing total Ban

iv) Administrative bottleneck/complicated procedure.

v)Mora persuasion.

vi) Foreign exchange control.

**2.** i) **Increase**

ii) Decrease

iii) No effects

iv) Decrease

**3. Four benefits enjoyed by Kenyans as a result of government initiatives to expand road and**

**railway network in the country. (4mks)**

1. Improved standard of living.
2. Creation of more jobs opportunities.
3. Increased production/ mass production.
4. Promote specialisation.
5. Creating a wider market for goals.
6. Promoting development of industries.
7. Providing linkage between producer and consumer.
8. Avoid wastage since good can be transported easily to the market.

**4. Circumstances under which a firm would prefer open office layout. (4mks)**

i) Where there is need to promote team work.

ii) Where there is need to reduce maintenance cost.

iii) Where there is need to save cost of buying office equipment.

iv) Where there is need to reduce cost of production.

v) Where there is need to discourage absenteeism.

**5. Outline four limitations of Barter trade. (4mks)**

i) Indivisibility of some commodities.

ii) Lack of standard measure of value.

iii) Inconvenience in transporting some goods.

iv) Lack of accounts

v) Hinder specialization.

vi) Perishability of commodities.

vii) Require double of coincidence wants.

1. Lack of standard of deferred payments.

**6.**

**MANGI TRADERS**

**TRADING ACCOUNT**

**FOR THE YEAR ENDED 30TH JUNE 2009.**

|  |  |
| --- | --- |
| **Opening stock 165,000🗸**  **Purchase 🗸🗸**  **COGAS 885, 000🗸**  **Less Closing stock 101,000🗸🗸**  **Cost of goods sold 784,000🗸**  **Gross profit c/d 196000**  **980000** | **Sales 980,000**    **980000**  **Gross profit b/d 196, 000**  **8 x ½ = 4mks** |

**7. Four factors that influence entrepreneurial practices in Kenya. (4mks)**

i) Government policy

ii) Level of education and skills.

iii) Infrastructure

iv) Availability of markets.

v) Availability of resources

vi) Culture

vii) Competition.

vii) Political stability.

viii) Natural factors

**8.**

Compensation. = 

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= sh 525,000

This is because he under-insured his house.

**9. Reasons for popularity of WhatsApp as trend in communication. (4mks)**

i) It offers unlimited messaging.

ii) It has no hidden costs.

iii) It is possible to send a document.

iv) Video calling is available.

v) It offers international messaging.

vi) It is simple to use.

**10. Four negative effects of overpopulation in a nation. (4mks)**

i) Strain on available social amenities.

ii) High dependency ratio

iii) Increase in crime rate.

iv) Imbalance in demand and supply.

v) Food shortage

vi) Environmental degradation.

vii) Encourage rural-urban migration.

**11.** a) Cyclical unemployment

b) Disguised / hidden unemployment

c) Structural/ Technological.

d) Real/ voluntary.

**12. Ways in which a warehouse may be useful to a trader. (4mks)**

i) Good can be produced in advance to meet unexpected demands.

ii) Provide security to good from theft/loss.

iii) Ensure preparation of good for sale.

iv) Give the trader time to look for market.

v) Some good may improve in quality.

**13. Channels of locally produced agricultural products. 2mks)**

Producer(/Farmer)  consumer

Producer/(Farmer)  Retailer Consumer.

Producer  Co-operative Marketing boardConsumer.

Producer/(Farmer)  Wholesaler  Consumer 

Producer(Farmer)  Wholesaler  Retailer Consumer.

**14. Four levels of inflation. (4mks)**

i) Hyper/Run-away inflation

ii) Rapid inflation

iii) Stagflation

iv) Moderate/ mild inflation.

**15. Measures that a consumer may undertake to satisfy the unlimited human wants. (4mks)**

i) Has to make choice.

ii) Drawing scale of preference.

iii) Conserving resources

iv) Should have opportunity cost.

v) Recycling waste products.

vi) Should invent new products.

**16. Differences between shares and debentures. (4mks)**

|  |  |
| --- | --- |
| **Shares** | **Debentures** |
| **(**a)A unit of capital for a company  (b)Shareholders are owners of the company  (c)Shareholder earn dividends from profit made.  (d)Dividends on shares are made when company makes profit.  ( e)Shares cannot be withdrawn until the company dissolves.  (f)Ordinary shareholders have voting right, hence involved in decision making. | (a)A loan advanced by the public to a company.  (b) Debentures holders are creditors to a company.  ( c)Debentures earn interest which is an expense to the company.  (d)Interest accrued every year and is payable whether a company make profit or not.  ( e)Debentures can be withdrawn  (f)Debentures holders have no say in running of a company. |

**17. Factors that a firm must take in the account when choosing on the products to produce. (4mks)**

(i) Profitability of the venture.

(ii) Level of competition

(iii) Availability of resources.

(iv) Government policy.

(v) Availability of a market.

(vi) Cost of production.

(vii) Level of technology.

(viii) Skilled labour required.

**18. Factors that may have led to the above behaviour. (4mrks)**

(i) Reduction in the cost of production.

(ii) Improvement in the state technology.

(iii) Decrease in prices of other substitute commodities.

(iv) Favourable government policies like reduction in taxes.

(v) Conducive climatic conditions.

(vi) Increase in price of the commodity.

(vii) Expected future decrease in price of the commodity.

**19. Four circumstance under which a trader can issue a credit note to a customer. (4mks)**

(i) If the customer returned empty cases or container which were earlier included in pricing.

(ii) If there was price overcharge in the invoice.

(iii) If some items were included in the invoice yet they were not actually delivered.

(iv) Due to arithmetic errors leading to an overcharge.

(v) Where the customer returns goods due to wrong order.

**20. Four advantages of indirect tax. (4mks)**

(i) Tax payment is voluntary.

(ii) Not possible to evade.

(iii) Can be used selectively to achieve a given objective.

(iv) It is flexible.

(v) More revenue can be raised as it is broad based.

(vi) It is convenient.

(vii) It stimulates effort.

**21. Four duties of commercial attaches. (4mks)**

(i) Publish and advertise their country’s export in journalist/ Magazines.

(ii) Select buyers, agents and distributors of the home countries export.

(iii) Explore and identify new markets for more export opportunities.

(iv) Research and analyse markets for more export from their home countries.

(v) By informing local traders on procedures required for exporting their product.

(vi) Informs trader in their home countries of standards required for exports.

**22. Four advantages of using celebrities in product promotion. (4mks)**

(i) They help in increasing recognition.

(ii) Give life into a failing brand.

(iii) Help people in remembering advertisement.

(iv) They influence consumer purchases.

(vi) Attract new users.

(vii) Build awareness of a product.

**23. Features of perfect competition. (4mks)**

(i) Uniformity of buyer and seller.

(ii) Perfect mobility of factors of production.

(iii) No government interference.

(iv) Large number of buyers and seller

(v) No transport cost.

(vi) There is wide knowledge of market

**24. Four problems encountered in development planning. (4mks)**

(i) Failure to involve local people at planning stage.

(ii) Overambitious plan

(iii) Lack of domestic resources.

(iv) Reliance of donor funding.

(v) Lack of qualified personnel.

(vi) Natural calamities.

**25.**

(i) Cash payment Journal

(ii) Purchases Returnal Journal

(iii) Sales Journal

(iv) General Journal.