**BUSINESS STUDIES**

**TRIAL EXAM**

**PAPER 1**

**565/1**

**DECEMBER, 2021**

**MARKING SCHEME**

1. Features of capital as a factor of production.(4 mks)

* It is a basic factor of production.
* It is manmade
* It is subject to depreciation through wear and tear.
* It can be improved through technology.
* It is mobile geographically/occupationally.
* Its reward is interest.

1. Reasons why choice is inevitable in the satisfaction of human wants.(4mks)

* Due to limited resources against numerous human wants.
* Since human wants vary in intensity and urgency
* Due to variation in consumer taste and preferences
* Human wants are too many to be satisfied at once.
* Since human wants are competitors
* Due to different prices of goods

1. Reasons for which businesses should observe ethical practices include(4mks)

* to ensure fair competition
* To ensure consumers are protected
* To protect the environment
* To protect the rights of employees
* To promote social responsibility
* To maintain a positive image
* To abode by the country’s laws
* To maintain suppliers
* To promote positive cultural practices

1. Qualities of an office worker.(5mks)
2. Diplomacy
3. Initiative
4. Loyalty
5. Accuracy
6. Judgement
7. Fill in the following gaps in the diagram(4mks)
8. Large scale trade
9. small scale trade
10. with shops/without shops
11. Without shops / with shops

NB: large scale traders and small scale traders is not correct.

1. Activities that may be carried out in a stock/securities exchange market.(4mks)

* Selling of shares.
* Buying of shares.
* Listing of companies
* Delisting of companies
* Fixing of market share prices
* Publishing reports on performance of listed companies
* Mobilizing savings for investment
* Advising investors
* Issuing new securities/ IPO
* Publication of statistical information
* Monitoring performance of and management of listed companies
* Collecting withholding tax from proceeds of selling of shares
* Providing information on the country’s economic performance.

1. Ways in which the government regulates business activities(4mks)

* Licensing business activities
* Enforcing of laws
* Formulating of policies
* Subsidizing business
* Price control
* Setting of standards
* Setting quotas
* Imposing total ban
* Taxation
* Creation of parastatals for competition

1. Ways in which the nature of goods will influence the choice of means.(4mks)

* Bulky goods will require large carrying capacity (train)
* Perishable goods will require a fast means of transport eg. air
* Flammable /inflammable require safe/special means of transport eg. tankers
* Fragile goods require smooth means.
* Expensive /valuable goods require secure means.
* Heavy goods require large carrying capacity eg train

1. Lines of communication involved in various explanation.(4mks)

* Horizontal line of communication
* Upward vertical line of communication
* Downward diagonal communication
* Upward vertical communication

1. Circumstances under which a cheque may be used as a means of payment.(4mks)

* When the amounts involved in the transaction are large
* When the seller insists on payment by cheque
* When evidence of payment is required.
* When payment is to be directed into the payee account.
* When there is need to ensure safety of money being transferred.
* When the drawer wants to make payment without travelling.
* When the drawer wants a convenient or portable means.

1. Features of a bonded warehouse(4mks)

* Goods can be bonded till custom duty is paid.
* Goods can be re-exported while in the bonded warehouse.
* Storage charges are made on all goods stored in the warehouse.
* Goods can be sold while still under bond.
* Goods can be inspected or prepared for sale, i.e. they can be repacked, branded and blended while in the warehouse.
* Goods are released only on the production of a release warrant.
* They are located at the points of entry.
* They are regulated by the government officials.

1. 30 x 1,200,000 = 360,000 ✓ 01

100

Sanlam 400,000 x 360,000 ✓ 0 ½

1,200,000

= 120,000 ✓ 0 ½

Jubilee 300,000 x 360,000 ✓ 0 ½

1,200,000

= 90,000 ✓ 0 ½

Britam 500,000 x 360,000 ✓ 0 ½

1,200,000

= 150,000 ✓ 0 ½

Alternative B

30 x 1,200,000 = 360,000 ✓ 01

100

Sanlam 4 x 360,000 = 120,000 ✓ 0 1

12

Jubilee 3 x 360,000 = 90,000 ✓ 01

12

Britam 5 x 360,000 = 150,000 ✓ 01

12

1. Price ✓ D S✓

PE✓ E✓

D√

S

O QE✓

Quantity ✓

1. Reasons why new industries tend to be attracted to well-established towns.(4mks)

* Firms will benefit from already established skilled labour pool from which they can recruit their employees.
* Firms will benefit from already established infrastructure such as transport and communication.
* Firms will benefit from auxiliary services that may already have been established, such areas have social amenities such as hospital and schools.
* Employment is created in such areas.
* Join management of waste can be carried out by all firms.
* Firms may benefit already established market.
* Firms may be able to get raw materials easily as they may use the by-products produced by other industries as their raw materials.

1. Features of a market(4mks)

* Existence of sellers or suppliers of goods and services.
* Existence of buyers or consumers
* Availability of a good or service/product being presented for sale.
* Interaction between sellers and buyers to exchange their products
* Consideration (price) for the products availed for sale.
* Medium of exchange, i.e. a common denominator for which goods or services are exchanged.

1. Ways in which households may contribute to national income of a country include(4mks)

* Consumption of goods
* Payment of taxes
* Provision of labour
* Provision of savings for invest
* Provision of entrepreneurship

1. The missing figures are(3mks)
2. 200.000
3. 355,000
4. -170,000 or (170,000)
5. Factors accounting for high growth rate in Kenya(4mks)

* Early marriages in some communities
* Religious opposition of the use of birth control methods
* Improvement in the level of nutrition
* Cultural beliefs where people are proud of large families
* Children being seen as a source of cheap labour
* Many births as families strive to get a male child.
* Where people are ignorant or are opposed to family planning methods
* Where people want to have many children in areas with high mortality rate so that if some die others will be left.

1. Quality of money.(4mks)

* General acceptability as a medium of exchange
* Cognisability or authenticity
* Portability
* Divisibility
* Made of homogeneous/uniform material
* Stability in value
* Malleability
* Durability
* Scarcity
* Not easy to forge

1. Opening capital = Assets – Liabilities

350,000 + 45,000 +25,000 + 7,500 – 48,000√

= 379,500√

= 379,500 + 24,000 + 34,500 – 20,000√

= 417,500√

1. Merits of indirect taxes(4mks)

* Can be used selectively to achieve a given objective
* Tax payment is voluntary
* Its easy to collect at the selling point.
* More revenues can be raised/broad based
* Its convenient
* Its flexible
* Its not easily evaded
* It promotes equity.

1. The CPI for the year.(4mks)

2011 : 100.80 x 100 = 112

90

2012 : 103.50 x 100 = 115

90

2013 : 105.30 x 100 = 117

90

2014 : 108. X 100 = 120

90

1. Levels of economic integration(4mks)

* Free trade
* Customs union
* Common market
* Economic union
* Preferential trade area
* Political Union
* Duty free zones

1. Circumstances under which a manufacturer would use informative advertising. (4mks)

* When the manufacturer is launching a new product and would want to inform the consumers about the existence of the product,
* When the manufacturer is re-launching an improved product and would want to inform the consumers about the existence of the re-launched product.
* When the manufacturer wants to educate the customers about how to use the product.
* When the manufacturer wants to remind the consumers about the continued existence of the product and hence retain the market.
* When the manufacturer wants the counter (deny) certain misleading information which may be leaked to the market by competitors.
* Where the government policy prohibits the use of the other forms of advertising.

|  |  |  |
| --- | --- | --- |
| Transaction | A/c Dr | A/c Cr |
| A | Cash | Capital |
| B | Purchases | Watu Traders |
| C | Watu Traders | Capital |
| D | Drawings | Purchases |

8 X ½ = 4mks

\*\*\*\*\*END\*\*\*\*\*\*