**FORM THREE END OF TERM THREE 2022**

**BUSINESS STUDIES PP 1**

**MARKING SCHEME**

**1 a) Outline four reasons why organizations need to safe keep documents in files (4mks)**

-not to fall in unauthorized hands

-protect from damage

-not to get lost

-keep thieves at bay

-avoid misplacement

**2.Give the four components of business studies (4mks)**

-Economics

-commerce

-office practice

-accounting

-entrepreneurship

**3.A business is expected to be socially responsible to various groups such as customers, employees, government, public and suppliers. Indicate against each statement the most appropriate group (5mks)**

|  |  |
| --- | --- |
| Statement  | Group  |
| **i)Fair remuneration** | Employees |
| **ii)Timely tax returns** | Government |
| **iii)Fairness in tender allocation** | suppliers |
| **iv)Equal job opportunities** | Public |
| **Quality products** | customers |

**4.Use the table below to outline four differences between basic wants and secondary wants (4mks)**

|  |  |
| --- | --- |
| **Basic wants**  | **Secondary wants** |
| Requirements for life | One can do without them |
| Necessary for survival | Make life comfortable |
| Cannot be postponed | Can wait for later use |
| Appear first in scale of preference | Are last in scale of preference |
| Are felt needs | Aren’t felt |

5.Identify three activities in the extractive level of production (4mks)

-farming

-fishing

-mining

-timbering (lumbering)

-Hunting

**6.Outline four ways in which partners may be classified (4mks)**

-role played by partners

-liabilities of the partners for business debt

-ages of parties

-capital contribution

**7.Highlight four characteristics of mail order store (4mks)**

-goods are sold through the post office

-have large warehouses

-don’t deal with perishable goods

-customers don’t visit selling premises

-there is heavy advertisement

-goods are dispatched through CWO basis or COD basis

**8.Outline the meaning of the following terms as used in accounting (4mks)**

i)**Network of a business** -it is simply the difference between total assets and total liabilities also referred too as capital which comprises of owners contribution plus profits less drawings

ii)**Business transaction** -any dealing between two or more people (parties) that can be assigned a monetary value

iii)**Cash transaction** where both parties of an exchange are executed immediately

vi)**Credit transaction** where goods or services are sold or bought and payment is made at a later date

**9.State four main factors that may limit the level of a country’s national income. (4mks)**

-poor entrepreneurial culture in the country

-low level of technology

-negative altitudes towards work by citizens

-lack of adequate resources

-political instability

-lack of co-operant factors of production

**10.Identify four ways in which a business may be of benefit to people in the surrounding area (4mks)**

-job opportunities

-goods and services to satisfy their needs

-increase in economic activities

-outlet for the producers to sell their products

-People become sensitive to the needs of their environment

-Improves life of people living standards

**11.State the effect of each of the following transaction on the balance sheet by writing increase or decrease or no effect in each case**

|  |  |
| --- | --- |
| **Transaction**  | **Effect**  |
| **a)Bought machinery on credit** | Increase |
| **b)withdrew cash from the business for personal use** | decrease |
| **c)Purchased stock in cash** | No effect |
| **d)Paid outstanding by cheque** | Decrease  |

**12.State four ways of increasing efficiency and effectiveness of human porterage**

-shortening distance travelled

-creation of pathways

-Lighten the load

-Feeding porters properly

-Better pay

-Security pathways

-lightening pathways

-coach them

-on ettiquaette

**13.The following information relates to Makuyu Traders. Determine the missing figures. (3mks)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Assets  | Liabilities | Capital |
| a) | 50000 | 70000 |  |
| b) | 320000 |  | 280000 |
| c) |  | 14360 | 12000 |

a)Assets – liabilities 50,000-70,000= - 20,000

b)Assets – capital = 320,000-280,000 = 40,000

c)capital +liabilities = 14360 + 12000 = 26360

14.Post the following transactions in the ledger books of Embakasi traders (4mks)

March 1/2013 commenced business with sh. 150,000 cash at bank

March 5/2013 bought machinery in credit for sh. 9500

March 7/2013 withdrew sh 5000 from bank for office use

March 8/2013 paid sh 3000 cash to creditor

Dr Capital A/c Cr

 March 2013

 1 bank 150,000

Dr BankA/c Cr

March 1 march 7

Capital 150,000 cash 5000

Dr Machinery A/c Cr

March 5

Creditors 9500

Dr CreditorsA/c Cr

March8 2013 march

machinery 9500

Cash 3000

Dr Cash A/c Cr

March 7 march 8

Bank 5000 creditors 3000

**15.Give four reasons that make insurance companies decline to insure acts of nature (4mks)**

-loss may not affect many people at ago

-loss is unpredictable

-people not willing to form pool

-not easy to determine premium

-value of loss may be undeterminable

16.Name 4 sources of business ideas. (4mks)

* Newspapers
* Shows & exhibitions
* Magazines articles
* Waste products

17.State 4 office etiquette of a business person. (4mks)

* Respect
* Punctuality
* Loyalty
* Honesty

18.mention four main types of demand. (4mks)

* Joint demand
* Competitive demand
* Derived demand
* Composite demand

19.State 4 principles of cooperatives. (4mks)

* Voluntary & open membership
* Democratic Administration
* Limited interest on share capital
* Promotion of education to member

20.Name 4 methods of government involvement in business (4mks)

* Regulation
* Training
* Trade promotion
* Provision of public utilities

21.Name 4 types of public utilities. (4mks)

* Water
* Transport
* Power & communication
* Sewerage

22.Name 4 barriers of effective communication. (4mks)

* Language barrier
* Poor listening
* Negative attitude
* Poor timing

23.Name 4 types of life assurance contracts (4mks)

* Term insurance
* Whole life assurance
* Endowment
* Annuities

24.Name 4 characteristic of a good filing system. (4mks)

* Simplicity
* Suitability
* Elasticity
* Economical
* Accessibility

25. Give 4 characteristics of oligopoly market structure. (4mks)

* A few large firms
* Presence of price wars
* High interdependence of firms
* Kinked demand curve
* Formation of cartels