**PAVEMENT FORM 4 TRIAL 2 EXAMINATION 2021/2022**

**Kenya certificate of secondary education (K.C.S.E)**

**BUSINESS STUDIES PAPER 1(565 /1)**

**MARKING SCHEME**

1. ***Four categories of partners.***

* Role played by the partner
* Liabilities of the partners for the business debts
* Ages of the partners
* Capital contributions ***(4x1 = 4marks)***

1. ***Means of transport under land***

* Human porterage
* Carts
* Vehicles
* Trains
* Pipeline ***(4x1 = 4marks)***

1. ***Diseconomies of scale experienced by a firm***

* Scramble for raw materials
* Non-availability of land for expansion
* Scramble for available labour
* Completion for available markets
* Easy targets especially in time of ware ***(any 4x1 = 4marks)***

1. ***What optimum population depicts***

* It is the population that can generate the highest living standards at the available resources and state of technology
* It is the population size that can lead to the most efficient use of resources while maximizing output per capital
* Population below optimum level implies that resources are underutilized and standards of living are low.
* An increase in population beyond optimum level leads to over utilization of resources and leads to lower standards of living. ***(4x1 = 4marks)***

1. ***A corrected balance sheet***

**Kiboko Traders**

**Balance sheet (√)**

**As at 31st December 2004 *(10x ½ = 5marks)***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Assets** | **Shs** | **Shs** |  | **Shs** | **Shs** |
| **Fixed Assets** |  |  | Capital |  | **√130,000** |
| Land | 120,000**√** |  | Long term liabilities |  |  |
| Furniture | 75,000**√** | 195,000 | Long term loan |  | **√**65,000 |
| Current assets |  |  |  |  |  |
| Stock | 80,000**√** |  | Current liabilities |  |  |
| Debtors | 35,000**√** |  | Creditors | 50000**√** |  |
| Cash | 15,000**√** | **130,000** | Bank overdraft | 80,000**√** | 130,000 |
|  |  | **325,000** |  |  | **325,000** |

1. *Causes of demand pull inflation* ***(4marks)***

* Increase in government expenditure
* Effects of credit creation by commercial bank
* Increase in money incomes
* General shortages of goods and services
* Increase in consumer expenditure ***(any 4 x 1 = 4 marks)***

1. ***Terms sued in international trade (3marks)***

* F.O.R – Free on Rail
* DD – Delivered Docks
* CIF- Cost insurance and freight ***(3 x 1 = 3 marks)***

1. ***Features of economic union form of economic integration (4marks)***

* Conducive conditions for internal trade
* Common external trade barriers
* Free factors mobility
* Joint economic institution i.e central bank
* Common monetary system
* Common public services such as railways and communication network.***(any 4 x 1 = 4 marks)***

1. ***Indicators of economic development (4marks)***

* Shift from subsistence sector to manufacturing sector.
* Reduction in illiteracy
* Increase in skilled man powers
* Improvement in health facilities
* Increases in technology
* Improvement in health facilities
* Improved infrastructure
* Improved balance of payments ***(4 x 1 = 4 marks)***

1. ***Characteristics of assets (4marks)***

* A resource owned and controlled by the business
* Must have been acquired in the past
* An item of value that can be measured reliability in monetary terms
* Future economic benefit associated with the net expected benefits to be received by the business entity
* May be either fixed or current ***(any 4 x 1 = 4 marks)***

1. **Circumstances when downward communication may be used.**

* When training the juniors
* When evaluating performance
* When delegating duties
* When solving any problems facing the workers
* When inspiring and motivating the junior (giving regards) ***(5 x 1 = 5 marks)***

1. ***Classification of account*** ***(marks)***

* Sales Nominal
* Carriage inwards Nominal
* Fixtures and fittings Real
* Stock Real
* Cash Private
* Capital Private ***(6x ½ = 3marks)***

1. ***Types of documents***

* Certificate of origin
* Letter of hypothecation
* Letter of credit
* Consular invoice ***(1x4=4 marks)***

1. ***Transaction effect 4marks)***

* Decrease
* Decrease
* No effect
* Increase ***(1x4=4 marks)***

1. ***Methods of controlling imported inflation***  **(4marks)**

* Imposing or increasing import duty.
* Imposing quotas on imports
* Foreign exchange control
* Administration bottle – necks ***(1x4=4 marks)***

1. ***Unethical practices in product promotion***

* Polluting the environment
* Providing misleading information
* Breaking laws pertaining to product promotion
* Damaging competitors promotional materials
* Passing promotional messages that are unacceptable
* Taking advantage of vulnerable groups such as children ***(1x4=4 marks)***

1. ***Reasons for growth of self-employment in Kenya*** **(4marks)**

* One enjoys the profits alone since he/she is own boss
* Independence / free from control of others
* Assurance of job security
* Status and pride
* Inadequate / not well paying employment jobs
* Availability of credit
* Influence by established entrepreneurship
* Availability of market
* The need to have several sources of income. ***Any 4x1=4marks)***

1. ***Advantage of shopping malls consumers*** **(4marks)**

* One can get many goods and services under one roof
* Parking spaces available.
* Less traffic jams since they are located away from town
* It brings sense of prestige to the shopper ***Any 4x1=4marks)***

1. ***Meaning / full names of terms******(5marks)***

* NTSA – National transport and safety Authority
* LAPSSET – Lamu Port South Susan Ethiopia Transport
* ICD – Inland Container Depot
* SGR – Standard gauge railway

1. ***Essential elements of effective communication*** ***(5marks)***

* The sender / communication
* Message
* Medium / channel.
* The receiver
* Feedback ***1 x 5 marks)***

1. ***Main types of warehouses*** ***(4marks)***

* Private warehouses
* Public warehouses
* Bonded ware houses
* Free warehouses

1. ***Factors that may necessitate re-insurance******(4marks)***

* Value the property
* High risk of loss
* Number of risks covered
* Need to spread risks
* Government policy

1. ***Other methods of price determination*** ***(4marks)***

* Bargaining / Gaggling
* Government intervention
* Auction
* Tendering ***(4 x 1 = 4marks)***

1. ***Means of payment available in home trade******(4marks)***

* Money order
* Postal order
* Cash
* Cheques
* Premium bonds
* Stamps
* Promissory notes ***(any 4 x 1 = 4marks)***

1. ***Transaction that are passed through the general journal******(4marks)***

* Purchase of fixed asset on credit
* Sales of fixed on credit
* Opening entries
* Closing entries
* Correction of errors
* Writing off bad debts
* Issue of shares and debentures by companies ***(any 4 x 1-4marks)***