**FORM THREE END TERM TWO 2024**

**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