**JOINT EXAMINATION**

**FORM THREE TERM 3 2023 BUSINESS STUDIES PP1**

**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.List four reasons a business may fail**

i) Lack of capital

ii) unfair/stiff competition

iii) Poor pricing

iv)Political instability

v) Lack of planning

**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 four 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.a)** Assistcash increased(cash)

 Capital increased (capital)

b) Assist increased (Bank)

Liabilities increased (creditors)

c) Assit increased (Bank)

Capital increased (Capital)

d) Assist decreased (promises)

Asset increased (cash)

**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 | A |
| b) | 320000 | B | 280000 |
| c) | C | 14360 | 12000 |
| d) | 67,000 | D | 27,705 |

*A)Assets – liabilities 50,000-70,000= - 20,000*

*B)Assets – capital = 320,000-280,000 = 40,000*

*C)capital +liabilities = 14360 + 12000 = 26360*

*D) 4295*

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

*Dr Capital A/c Cr*

 *March 2013*

 *1 bank 150,000*

*Dr BankA/c Cr*

*March 1*

*Capital 150,000*

*Dr Machinery A/c Cr*

*March 5 creditor 9500*

*Dr CreditorsA/c Cr*

 *2013 march*

*machinery 9500*

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

-*loss may 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.list four types of unemployment in an economy. (4mks)

* Cyclical unemployment
* Frictional unemployment
* Seasonal unemployment
* Structural unemployment
* Involuntary unemployment

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. outline four benefits of a bonded warehouse to the imports. (4mks)

* Goods can be prepared for sale
* Security is provided while goods are on bond
* Give importers time to arrange for payment of duty
* Goods can be sold before payment of duty
* Importer can look for market of products

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