

**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)**

<b>Basic wants</b>	<b>Secondary wants</b>
<i>Requirements for life</i>	<i>One can do without them</i>
<i>Necessary for survival</i>	<i>Make life comfortable</i>
<i>Cannot be postponed</i>	<i>Can wait for later use</i>
<i>Appear first in scale of preference</i>	<i>Are last in scale of preference</i>
<i>Are felt needs</i>	<i>Aren't felt</i>

**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 attitudes 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) Assist cash 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 portorage**

- 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      Bank A/c                              Cr

March 1  
Capital 150,000

Dr      Creditors A/c      Cr

2013 march  
machinery 9500

Dr      Machinery A/c                      Cr

March 5 creditor 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

