STAREHE GIRLS' CENTRE MOCK EXAMINATION 2025

FORM 4 BUSINESS STUDIES PAPER ONE
MARKING SCHEME

1). Features of basic human wants:
- a). One cannot do without them
- b). They are felt needs
- c). They cannot be postponed
- d). They are satisfied before secondary wants
- e). They are universal   Any 4x1=4mks

2).
- a) Bonded warehouse
- b). Public warehouse
- c). Wholesalers warehouse
- d). manufacturers warehouse   1x4=4mks

3). Characteristics of a monopolistic competitive market
- a). There are a large number of buyers and sellers who act independently.
- b). There are no barriers to entry and exit from the industry
- c). Sellers offer similar products that are only differentiated.
- d).. No single firm has control over the factors of production.
- e). Firms set their own prices
- f). buyers and sellers have perfect knowledge of the market
- g). Firms incur large selling / promotional costs.   Any 4x1=4mks

4).

GAITU TRADERS
TRIAL BALANCE
AS AT 31ST MACH ,2005

Details	Dr	CR
Sales		420,000
purchases	240,000	
Motor van	300,000	
Equipment	120,000	
Debtors	80,000	
creditors	160,000	40,000
Expenses		440,000
Capital	900,000	900,000

5). Benefits that Kenya gets for being a member of the common market for Eastern Sand Southern Africa.

a). Free flow of goods/ services/factors of production

b). Expanded market for goods and services.

c).Reduced average cost/economies of scale due to increased scale of production

d). Production of competitive/quality goods and services.

e). Possibility of political cooperation/peace/understanding

f). Increased range /variety of goods and services

g). Improved infrastructure

h). Creation of employment opportunity/living better life.

i). Attract investments due to greater demand

j). fair prices of goods/services due to reduction/abolition of tax

k). Encourages specialization

l). Increased economic bargaining power

m). Bridging the production gap/can get what they don't produce

n). Share research   information which reduces the cost of doing business

o). Technology/skills transfer which enhances production.   Any 4x1=4mks)

6). Circumstances under which a trader may offer after sales services to the buyer

a). When goods sold are technical in nature

b). Where expertise is needed in installation

c). When the product is new in the market

d). where competition is stiff to attract more customers

e). Where specialized transport is needed

f). Where expertise is required in maintenance/service/spare parts

g). Where it is the policy of the business

h). Where it is the government policy   any 4x1=4mks

7). Indicators of economic growth that maybe observed as a country progresses

a). Increasing national income/GNP.

b). Increasing national output/GDP

c). Improved infrastructure like roads

d). Improvement in the provision of health facilities

e).Increased education opportunities/literacy levels

f). Increased life expectancies.

g). Improved housing for the population.

h). Provision of more social amenities for leisure

i).Improved standards of living for the citizens /reduction in poverty level

j). Increased per capita income

k). Increased employment opportunities

l). Reduced dependency ratio/self reliance

m). Reduced income disparities

n). Good governance / democracy

o). Reduction of negative cultural practices

p).Improved technology

q).Industrialization

r). Increased entrepreneurial practices.   4x1=4mks

8). Ways in which the internal environment may contribute to the success of a business

a). A good business structure is directed towards the achievement s of business goals

b). Employment of qualified staff enhances performance.

c). proper allocation of financial resources/Adequate finances

d). Availability of relevant physical resources eg. Buildings, equipment etc.

e). Innovation/creativity /research and development improves methods of production.

f). Positive business culture that matches the beliefs/values of the staff

g).Good management styles

h). Motivated/supportive owners.   Any 4x1=4mks

9). Principles of co operatives:

a).Democratic administration

b). Open/voluntary membership

c).Limited interest on share capital

d). Promotion of education to members

e). Political /religious neutrality

f) Cooperation with other cooperatives

g). repayment of dividends/distribution of surplus.

h). service to members

i). limit on the number of shares each member can buy

j). Non-profit motivated   any 4x1=4mks

10). Challenges that a trader may encounter when using a mobile phone

a). May be damaging to the ears

b). Are relatively expensive to acquire

c). calls/messages may be tapped

d). Its use may be limited to where there is lack of network

e). May not be used under certain circumstances eg. Banking halls

f). May be stolen by thieves

g). Expensive to maintain

h). Requires constant charging

i).prone to misuse/ damage

j).difficult to operate   Any 4x1=4mks

11). Ways in which a youthful population may be useful to the Kenyan economy

a). Energetic and a highly productive team

b). Availability of diverse talents

c). Highly mobile labour force

d). Increased inventions due to their adventurous nature.

e). faster growth of some sectors eg fashion, music etc

f). Flexibility and adaptability to technological changes which improves production.

g). Continuous supply of labour

h). Wider market for goods meant for the youth

i). Less expenditure on social security and pension schemes.   Any 4x1=4mks

12). Characteristic of money.

a). Cognisability/authenticity

b). general acceptability

c). Portability /easy to carry around

d). divisibility

e) Homogeneity

f). Stability in value

g). malleability

h). durability

i).Scarcity

j). Not easy to forge/ imitate   any 4x1=4mks

13) Principles of public expenditure

a). Sanctions

b). Maximum social benefit

c). Flexibility

d).Economy

e). Proper financial management   any 4x1=4mks

14).   Alternative I

Invoice price=12,000

Less trade discount $= \dfrac{5}{100}$ x 12,000 =600√

12,000 -600=11,400

Less cash discount $= \dfrac{10}{100}$ x 11,400 =1140√

11,400- 1,140 = 10,260√

Alternative II

$(\dfrac{95}{100}$√ x 12,000√) x 90/100√ = 10,260√

Alternative III

$\dfrac{95}{100}$ x 12,000 =11,400√√

$\dfrac{90}{100}$ x 11,400= 10,260√√

15). Characteristic of property insurance.

a). Premiums charged depends on the degree of risk/number of risk/value of the property.

b). It's a contract of indemnity

c).Short term contract

d). Cannot be assigned to another person

e). Has no surrender value

f). There must be insurable interest in the property to be insured

g). There is a maximum limit on the amount of compensation

h) Policy can be used as security for loan

i). Uncertainty of the risk

j). Premium paid is a direct expense

k). subject to the principle of subrogation

l). Subject to the principle of contribution

m). Subject to the principle of proximate cause

n). Subject to the principle of utmost good faith.

16). Factors may cause supply curve to shift to the right.

a). Reduced cost of production

b). Favorable climate condition /bumper harvest

c). Government incentive to producers eg subsidies

d). increase in the prices of jointly produced goods

e). Entry of a new firm into the market

f). Improved production methods /technology

g) Reduced incidences of industrial strikes

h). Availability of enough factors of production

i) Reduces prices of competitively produced goods

j). Future expectation of increase in quantity supplied in the market

k). Enough time   4x1=4mks

17). Features of a good filing system

a). Simplicity

b).Compactness /not occupy too much space

c). suitability/appropriate to business needs

d). Elasticity

e) Safety/secure

f). Accessibility

g)Economical   Any 4x1=4mks

18).   I.C=C.C – P-I+ D.

$\qquad$ = 190,000 √-20,000 √-75,000 √+5,000√

$\qquad$ =shs 100,000√   √   √   √

19). Advantages of pipeline

a). Reduces congestion on the roads/reduces number of tankers on the road

b). Maintenance/operation cost is low compared to road transport

c). Minimal manpower is required/saves on labour cost

d). Safe and convenient means of transport /less prone to accidents

e). Enables continuous flow of oil

f). Cheaper to transport by pipeline than road or railway

g). Does not pollute the environment

h). Not affected by bad weather

i). Less accidents on the roads due to less tankers.   Any 4x1=4mks)

20).

a). Primary

b) Secondary

c) Tertiary

d) Tertiary

21). Benefits that accrue to a firm located near existing firms.
a). Enjoy use of existing infrastructure
b). Access to labour
c). Collaboration with existing firms
d). Auxiliary services are available
e). Access to raw materials
f). Access to security
g). Access to market
h). Access to social amenities   any 4x1=4mks)

22). Roles of inter intermediaries
a) Breaking bulk
b). Accumulating bulk
c). Preparing goods for sale
d). storage of goods
e). Arranging deals between buyers and traders
f). Bearing risks associated with transportation.
g). Reducing the number of transaction between buyer and seller
h) Passing information between the producer and the consumer.
i). Providing variety of goods to the buyers
j). Advising buyers and sellers on market trends   Any 4x1=4mks

23). Benefits of a business plan to an entrepreneur
a). Helps one to avoid mistakes
b). Enables one to identify the strengths and weaknesses of a business
c). Used to secure finances from financial institutions/ requirements by financiers
d). Helps one to determine the amount of finance required
e). useful in allocation of resources/ for proper allocation of resources
f). It's a motivating factor.
g). For adaptability incase of changes in the future

24). $C = A - L$

$500,000 - \left[150000 + 10000\right] \sqrt{} = 250,000 \sqrt{}$

$RO\ ROC = \dfrac{NP}{C} \times 100\%$

$\dfrac{50000}{250,000} \times 100 \sqrt{} = 20\% \sqrt{}$

25). Monetary policy tools used by the central bank of Kenya to control inflation
a). Increasing the rate of interest on lending to commercial banks
b). Selling government securities in open markets operations
c). Increasing compulsory deposits by commercial banks.
d). Increasing commercial banks cash /liquidity ratios
e). Instituting selective credit control measures
f). directives to commercial banks
g). Requests by central banks to commercial banks/ moral suasion.