

# OPENER EXAMINATION: TERM 1 2024

## FORM 4

565/1

### BUSINESS STUDIES

Paper 1

### MARKING SCHEME

- **features of economic resources**
- they are scarce
- they have money value
- they have alternative uses
- they are unevenly distributed from one region to another
- they have utility
- they can be combined
- **Reasons why diagonal communication needs to be encouraged in an organization.**
- Promotes teamwork in an organization
- It helps eliminate goal blindness
- Assist in development of human resource because they can freely exchange ideas
- Assist in coordination and harmonization of different activities in an office
- It creates a sense of belonging among staff thus a motivating factor.
- **Benefits enjoyed by a member of a producer cooperative society**
- Better/higher prices for their produce
- Educated on better methods of production through seminars, field trips, etc
- Provided better storage facilities
- Enjoys reliable transport means
- Provided with loans to expand their operations
- Can obtain farm inputs on credit
- Provided with grading, packing, and processing services

### identify four factors that influence the level of capital of a business enterprises

drawings

loss made

additional investment

net profit/ploughed back/ dividends

- **state four reasons why people engage in business activities**

- creation of employment( for self/others)
- provision of goods/services to others

- for profit generation/maximization
- to acquire what they lack
- for prestige /enhance own image in society
- **Problems associated with monopoly market structure**
- Leads to charging of high prices
- Causes the production of sub-standard products since there is no competition
- It may cause unequal distribution of income
- Too much monopoly power may be used to influence government to adopt unfavourable policies
- Some may operate at excess capacity causing unemployment and wastage of resources
- **Outline four role of the mass media in promoting consumer protection**
- They air or print information on traders who exploit consumers.
- They advise consumer on their rights
- They refuse to publish any false/misleading advertisement
- They inform the government and other departments on traders who exploit consumers
- They taste products in their laboratories or using their own experts then inform consumers

**.highlight four factors that may be used to determine the size of a firm**

volume of output

floor space covered

quantity of capital invested

number of employees engaged

market size served

volume of sales

production methods

- **Type of machine one would use to perform the following tasks**

	<b>Functions</b>	<b>Name of machine</b>
i)	Used to trim papers into desired sizes	<b>Guillotine</b>
ii)	To post information to ledgers and to prepare payrolls	<b>Accounting Machine</b>
iii)	To transmit printed messages such as letters, maps, diagrams and photographs	<b>Facsimile (Fax machine)</b>
iv)	To destroy sensitive but unwanted documents	<b>Paper Shredders</b>

- **New Balance Sheet for Nyakwar Atiyo traders**

Workings:

$$\text{Stock} = \text{Shs.} 7,750 - 750 = 7,000$$

$$\text{Drawings} = \text{Shs.} 750$$

$$\text{Creditors} = \text{Sh.} 45,000 - 2,000 = 43,000$$

$$\text{Bank} = \text{sh} 25,375 - 2000 = 23,375$$

$$\text{Capital} = \text{Sh.} 65,000 + 200,000 = \text{Sh.} 265,000$$

$$\text{Added investment} = \text{Sh.} 200,000$$

$$\text{Motor Vehicle} = \text{Sh.} 200,000$$

Nyakwar Atiyo

Balance Sheet

As at 30.8.2023

<u>Fixed assets</u>	Kshs.	ksh	Ksh.
Machinery	45,000√	Capital	65,000
Motor vehicles	<u>200,000√</u>	Add additional capital	200,000√
	245,000	Less Drawings	750
<u>Current assets</u>	Kshs.	Short term liabilities	264,250
Stock	7,000√	Creditors	2,500√
Debtors	1,375√	Short term bank loan	<u>10,000√</u>
			<u>12,500</u>
Bank	<u>23,375√</u>		
	<u>31,750</u>		
	276750		<u>276,750</u>

**10 ticks × ½ = 5 marks**

**outline four sources of business idea**

newspapers/magazines

shows and exhibitions

hobbies

vocational training

survey

market gaps/shortages

events/games /activities

[Download this and other FREE revision materials from https://teacher.co.ke/notes](https://teacher.co.ke/notes)

outline four benefits that consumer get from small scale retailers .(4 marks)

stable prices



- Foreign farmer            local wholesaler            local retailer    local consumer
- Foreign farmer            Local wholesaler            local consumer
- Foreign farmer            local agent            W/saler    Retailer    local consumer
- Foreign farmer            Local Representative    W/saler    Retailer    Local consumer

• **Trends in transport sector.**

- Pipeline and containerization
- Electric trains replacing diesel engines
- Underground tunnels are constructed to ease congestions on surface
- Development of planes with large carrying capacities
- Introduction of speed governors to control speed.

- Psv's fitted with music systems

• **Benefits of indirect production.**

- High quality goods produced
- Surpluses produced.no deficits in market
- It is capital intensive reducing cost of labor
- There is specialization in the production process which leads to efficiency and high quality
- Modern technology is used promoting quality production.
- It is less tiresome
- Promotes standards of living as variety of goods are available

• **Enter the following transactions in the relevant ledger accounts**

	Capital a/c	Cr	Dr	Cash a/c	Cr
	2023		2023	2023	
	April 1 Cash	150,000	April 1 Capital	150,000	April 3 Purchases
	40,000				
					„ 6 Bank
	60,000				
Dr	Purchase A/c	Cr	Dr	Bank A/c	Cr
2023			2023	2023	
April 3 Cash	40,000		April 6 Cash	60,000	April 9 O. machine
25,000					

2023

April 9 Bank 25,000

- **Reasons why a producer may need to have their own warehouse**
- To enjoy complete control of operations in the warehouse
- To design it to match their specific needs
- In order to install special handling, storage and protection facilities which may not be available with a public warehouse
- To avoid being tied down by rigid procedure of receiving and issuing of goods as is the case with public warehouses
- In the long run, the cost of building own warehouse will be cheaper than the hiring of space in a public warehouse
- The owner exercises full control and makes major decisions without having to consult any one

• **Define the following terms as used in business studies**

• **Annuity**

Is an agreed amount of money that an insurer agrees to pay to the insured annually until the latter's death

• **Proposer**

This is a person wishing to take out an insurance cover (Prospective insured)

• **Speculative risk**

This is a risk that when it occurs may result in loss or a profit

• **Grace period**

This is the time allowed between the date of signing of the contract and the date of the payment of the first premium.

• **In the table below fill in the missing figures S, T, U and V.**

S= Shs. 15,000

T= Shs. 10,000

U= Shs. 70,000

V= Shs. 12,000

**reason why human wants are not satisfied easily.**

wants are unlimited

wants are competitive

wants are insatiable

resources for their satisfaction are limited

wants are complementary.

### **why consumer need to make choices**

due to many wants

there are limited resources

wants are always competing

wants vary intensity and urgency

wants are habitual in nature

### **highlight four external factors that may affect the business operations negatively.**

poor climate conditions

bad governance

unfair competition

reduction in population

political instability

negative social culture

failure to respond to customers taste

### **ways of improving etiquette**

by being diplomatic

by making sound judgement

by being accurate

by being impartial when offering services to the people

being courteous when dealing with people

