PAVEMENT FORM 4 TRIAL 1 EXAMINATION 2021/2022
Kenya Certificate of Secondary Education (K.C.S.E)

BUSINESS STUDIES PAPER 1

MARKING SCHEME

565 /1

MARKING SCHEME.

1. Benefits of business studies to an individual.
   - (i)   Assist individual in appreciating the role of business in provision of goods and service.
   - (ii)   Assist individual to acquire self-discipline and positive attitude towards work.
   - (iii)   Equips individual with abilities to promote cooperation in society through trade.
   - (iv)   Enables individuals to understand the role of government in business activities.
   - (v)   Helps individuals to develop positive attitude towards the environment.
   - (vi)   Equips the individual with knowledge and skills required to evaluate business performance.

   Any 4 x 1 = 4Mks

2. Features of economic resources.
   - (i)   Scarce in supply.
   - (ii)   Have money value.
   - (iii)   Unevenly distributed.
   - (iv)   Have utility.
   - (v)   Have alternative uses.
   - (vi)   Can change ownership
   - (vii)   Can be combined
   - (viii) Can be complimentary

   Any 4 x 1 = 4 Mks

3. Characteristics of labour as a factor of production.
   - (i)   A basic factor of production.
   - (ii)   Cannot be stored
   - (iii)   Labour cannot be separated from labourer.
   - (iv)   Labourers sell their labour and not themselves
   - (v)   Labour is mobile
   - (vi)   It is human, with ability to think and capacity to get annoyed.   **Any 4 x 1 = 4 Mks**

4. Sources of business idea.
   - (i)   Newspapers
   - (ii)   Shows and exhibitions
   - (iii)   Magazine articles
   - (iv)   Hobbies
   - (v)   Vocational training and experience.
   - (vi)   Survey.
   - (vii)   Waste products
   - (viii) Spotting a market gap(Niche)
     Any 4 x 1 = 4 Mks

5. Demerits of carbon copying in the reproduction of documents.

PAVEMENT PUBLISHERS 2021/2022   Page 1

(i)   Not convenient for many copies.
(ii)   Copies could be misaligned.
(iii)   Poor quality copies.
(iv)   Difficult to produce different colours.
(v)   Copies of photographs cannot be reproduced.
        Any 4 x 1 = 4 Mks

6. Differences between hire purchase and Installment buying.

Hire purchase	Installment buying
(a) Buyer does not become the owner of the goods on taking their possession.	(a) The buyer becomes the owner of the goods on taking their possession.
(b) The buyer cannot resell the goods since he is not the legal owner.	(c) Can resell the goods as he/she is the legal owner of the goods.
(d) Hire purchase prices is usually higher than the price of goods bought on credit	(b) Price of goods bought on installment is lower than that of the same goods bought on hire purchase.
(e) If the buyer defaults in paying any installment goods may be repossessed by the owner	(c) Goods cannot be repossessed if the buyer defaults payment but the buyer can be sued.

7. Current trends to forms of business units.

(i)   Holding companies.
(ii)   Cartels.
(iii)   Privatisation
(iv)   Absorptions (take over)
(v)   Mergers (amalgamation)
(vi)   Check off system.
(vii)   Burial Benevolent funds
(viii) Front office savings account
(ix)   Franchising
(x)   Trusts
(xi)   Globalisation
(xii)   Performance Contract   Any 4 x 1 = 4 Mks)

8. Duties of commercial attaches
(i)   Explore and identify new markets for more export.
(ii)   Research and analyse markets for exports from their home countries.
(iii)   Keep statistics of products eg volumes, packaging sizes and methods of manufacturing.
(iv)   Attend meetings, seminars and workshops on trade pattern's of the countries and keep data of new markets for exports
(v)   Publish and advertise their countries exports in business journals and magazines
(vi)   Select buyers, agents and distributors of the home country's exports.   Any 4 x 1 = 4 Mks)

9. Advantages of human porterage.
   (i) Could be the only means of transport available.
   (ii) Compliments other means of transport.
   (iii) Flexible as it has no fixed time table
   (iv) May be a cheap means compared to other means.
   (v) Readily available when required.
   (vi) Convenient over short distance.   Any 4 x 1 = 4 Mks
10. Ways the government can use to influence the quantity of a commodity supplied.
   (i) Taxation.
   (ii) Subsides
   (iii) Quotas
   (iv) Price control   4 x 1 = 4 Mks

11. Factors that determine the size of firm.
   (i) Number of Employees.
   (ii) Volume of output.
   (iii) Floor area covered by premise.
   (iv) Capital invested
   (v) Market served.
   (vi) Sales volume.   4 x 1 = 4 Mks

12. Factors to consider when selecting a distribution channel.
   (i) Nature of the product.
   (ii) Nature of the market
   (iii) Role of intermediaries.
   (iv) Resources and size of the firm
   (v) Competitors
   (vi) Government policy
   (vii) Marketing Risks   Any 4 x = 4 Mks
13. Challenges encountered when measuring national income using income approach.

   (i) Transfer payment- since it is difficult to impute proportion of income constituted by those transfers.
   (ii) Problem of inaccurate data.
   (iii) Due to price fluctuation – very difficult to calculate national income accurately.
   (iv) Problem of handing illegal and unrecorded economic activities.   Any4 x 1 = 4 Mks
14.   BIASHARA TRADERS
                             BALANCE SHEET
                             As at 31st December 2014

Furniture	40,000✓	Capital	46,000✓
Debtors	6,000✓	Long-term loan	20,000✓
Stock	10,000✓	Creditors	14,000✓
Cash at bank	24,000✓		
	80,000		80,000✓

                                  8 ticks x ½ = 4 Mks)

                                  Any 4 x 1 = 4 Mks)

15. Circumstances for issuing a credit note

- If Mueni had been overcharged
- If mueni had returned some goods due to damage.
- If Mueni was charged for goods not supplied.
- If Mueni returned empty containers whose cost was included in the voice.
- If Mueni had merited some discounts which was not deducted from the invoice.

16.

SUNRISE ENTREPRISE
TRADING ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2012.

Opening stock	44000✓		
Add Purchases	200000✓	Sales	230,400✓✓
	244000		
Less closing stock	52000✓		
Cost of goods sold	192000✓		
Gross profit c/d	38400✓		
230400		230,400	

8 Ticks x ½ = 4 Mks

17. Circumstances under which sign language would be appropriate.
   (i) When the environment is noisy.
   (ii) Where the audience is not literate
   (iii) Where the message is intended to reach a large number of people.
   (iv) Where there is need to reinforce and clarify a written message.   **4 x 1 = 4 Mks**

18. Possible consequences as a result of poor arrangement of goods in a ware house.
   (i) Theft of goods.
   (ii) Delays in clearance.
   (iii) Damage of goods.
   (iv) Decline in quality of goods due to contamination   **4 x 1 = 4 Mks**

19. Reasons that may necessitate insurance companies to re- insure.
   (i) Where the value of property is great.
   (ii) When chances of loss through the insured risks are high.
   (iii) When the insurance company has insured many different risks
   (iv) When the insurance company wishes to share liability in the event a major loss occurring.
   (v) Government takes it a legal requirement for an insurance to re-insure. **Any 4 x 1 = 4 Mks**

20. Ways through which the government regulates business in Kenya.
   I) By licensing of business in the country
   (ii) Imposing taxation
   (ii) Setting standards for both locally produced and imported goods
   (iv) Formulation of rules & regulation that must be adhered to in various businesses operations.
   (v) Fixing quotas
   (vi) Imposing total ban on new businesses

21. Advantages of window display as a method of product promotion.
   (i) Relatively cheap method of product promotion.
   (ii) The method may induce the customer to buy the product displayed.
   (iii) The display enables customers to get features of the product such as colour, size and price before making a decision whether to buy or not.

(iv)   Customers who are attracted into the shop are likely to buy other products other than those on display.   4 x 1 = 4 Mks)

22. Negative effects of ageing population in an economy.

(i)   High dependence of old people on working population.
(ii)   Old people tend to provide a less mobile labour force.
(iii)   Low labor supply as old people tends to be less productive.
(iv)   Society become less progressive as it lacks input of energetic youth.
(v)   Lead to unemployment due to fall in demand of goods and services required by the youth.

                                                                    Any 4 x 1 = 4 Mks

23.   KAMA TRADERS CASH BOOK.

Date	Details	DA	Cash	Bank	Date	Details	DR	Cash	Bank
2014 April 1	Bal b/d		200,000	✓	2014 April 1	Bal b/d			70,000✓
10	Debtor	25,000✓		475,000✓	15	Jane	2,700✓		87,300✓
30	Cash			160,000	30	Bank ✓		160,000	✓

                                                          8 ticks x ½ = 4 Mks

24. Disadvantages of fixed deposit account.
(i)   The amount deposited in the account earns relatively high interest than in other accounts.
(ii)   Deposit held in the account can be used as a security for a loan.
(iii)   There is no ledger charge on the account.
(iv)   Restricted withdrawal encourage saving.
(v)   The account holder has time to plan for the money deposited in the account.   Any 4 x 1 = 4 Mks

25. Sources of monopoly power.
(i)   Where a firm has total ownership of right of production.
(ii)   Where the firm controls an important raw material.
(iii)   Where the firms command a substantial market share (market best served by one firm)
(iv)   Where the capital outlay/invested is large.
(v)   Where a group of firms combine to form a new business
(vi)   Where the firm enjoys greater internal economies of scale.   Any 4 x 1 = 4 Mks