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 -accounting

-commerce -entrepreneurship

-office practice

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 sur <mark>vival</mark>	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 -timbering (lumbering)

-fishing -Hunting

-mining

6.Outline four ways in which partners may be classified (4mks)

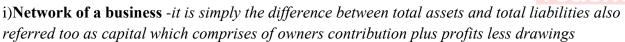
- -role played by partners
- -liabilities of the partners for business debt
- -ages of parties
- -capital contribution

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)



- 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) 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 porterage

-shortening distance travelled

-Security pathways

-creation of pathways

-lightening pathways

-Lighten the load

-coach them

-Feeding porters properly

-on ettiquaette

-Better pay

13. The following information relates to Makuyu Traders. Determine the missing figures. (3mks)

	Assets	Liabilities	Capital
a)	50000	70000	A
b)	320000	В	280000
c)	С	14360	12000
d)	67,000	D	27,705

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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
              March 2013
              1 bank 150,000
Dr
       BankA/c
                            Cr
                                                      Dr
                                                             CreditorsA/c Cr
March 1
                                                                       2013 march
Capital 150,000
                                                                    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
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18.mention four main types of demand. (4mks)

Joint demand

Honesty



- 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

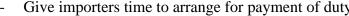
24. outline four benefits of a bonded warehouse to the imports. (4mks)

- Goods can be prepared for sale
- Security is provided while goods are on bond

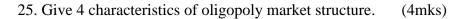
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- Goods can be sold before payment of duty
- Importer can look for market of products



- A few large firms
- Presence of price wars
- High interdependence of firms
- Kinked demand curve
- Formation of cartels

