

FORM THREE END TERM TWO 2021 BUSINESS STUDIES PP 1 MARKING SCHEME

NAME.....ADM CLASS

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. A business is expected to be socially responsible to various groups such as customers, employees, government, public and suppliers. Indicate against each statement the most appropriate group (5mks)

Statement	Group
i) Fair remuneration	<i>Employees</i>
ii) Timely tax returns	<i>Government</i>
iii) Fairness in tender allocation	<i>suppliers</i>
iv) Equal job opportunities	<i>Public</i>
Quality products	<i>customers</i>

4. Use the table below to outline four differences between basic wants and secondary wants (4mks)

Basic wants	Secondary wants
<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 three 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)

- 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. State the effect of each of the following transaction on the balance sheet by writing increase or decrease or no effect in each case

Transaction	Effect
a) Bought machinery on credit	Increase
b) withdrew cash from the business for personal use	decrease
c) Purchased stock in cash	No effect
d) Paid outstanding by cheque	Decrease

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	
b)	320000		280000
c)		14360	12000

a) Assets – liabilities 50,000-70,000= - 20,000

b) Assets – capital = 320,000-280,000 = 40,000

c)capital +liabilities = 14360 + 12000 = 26360

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

March 7/2013 withdrew sh 5000 from bank for office use

March 8/2013 paid sh 3000 cash to creditor

Dr Capital A/c Cr

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	<i>March 2013</i>
	<i>1 bank 150,000</i>

Dr BankA/c Cr

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<i>March 1</i>	<i>march 7</i>
<i>Capital 150,000</i>	<i>cash 5000</i>

Dr Machinery A/c Cr

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<i>March 5</i>	
<i>Creditors 9500</i>	

Dr CreditorsA/c Cr

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<i>March8</i>	<i>2013 march</i>
<i>Cash 3000</i>	<i>machinery 9500</i>

Dr Cash A/c Cr

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<i>March 7</i>	<i>march 8</i>
<i>Bank 5000</i>	<i>creditors 3000</i>

15.Give four reasons that make insurance companies decline to insure acts of nature (4mks)

- loss may not 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.Name 4 types of public utilities. (4mks)

- Water
- Transport
- Power & communication
- Sewerage

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. Name 4 characteristics of a good filing system. (4mks)

- Simplicity
- Suitability
- Elasticity
- Economical
- Accessibility

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