

MARKING SCHEME

BUNAMFAN 2022

BUSINESS STUDIES PAPER 1 565/1

1. Benefits of business studies to a society. (3 marks)
 - ✓ Business studies is meant to prepare learners to function as informed consumers, producers and workers in the society.
 - ✓ Equips the individual with skills and knowledge to manage a business.
 - ✓ Prepares one for future career in business/employment
 - ✓ Enables one to relate issues affecting business
 - ✓ Enables one to relate business activities taking place globally
 - ✓ Enables one to identify business opportunities to venture into.
 - ✓ Prepares one for further studies
 - ✓ Enables the individual to think ethically and make sound judgments in day to day activities.
 - ✓ Makes an individual to appreciate the role of government in business.
 - ✓ Make individual disciplines and have positive attitudes towards work.

2. Four advantages of locating a firm near the source of raw materials (4 MKS)
 - ✓ Reduced transport cost
 - ✓ Reduced storage cost for raw materials
 - ✓ Continuous production as there constant supply of raw materials
 - ✓ Firm can get fresh supplies and undamaged of raw materials
 - ✓ Firm can select quality of raw materials it desires

3. Four trends in communication. (4 marks)
 - ✓ Use of computers/internet
 - ✓ Use of mobile phone
 - ✓ E-mail
 - ✓ Use of SMS
 - ✓ Introduction of customer care services

4. Four advantages of a rapidly growing population. (4 marks)
 - ✓ Wide market for goods /services.
 - ✓ Better utilization of resources .
 - ✓ Creates a pool of labour supply /skilled labour force.
 - ✓ Enhance creativity and innovation.
 - ✓ Stimulates investments.
 - ✓ Promotes labour mobility.

5. four ways through which peace within a country benefits a business.(4 marks)
- ✓ Increase production and supply of raw materials
 - ✓ Free movement of goods and services
 - ✓ Free movement of labour and other factors of production
 - ✓ Increased sale volume as more customers can access the business/increased profit
 - ✓ Decrease in loss as a result as vandalism,theft and damage of business property

6. inappropriate technology
 Inappropriate skills
 Inadequate capita
 Overreliance on subsistence production.

7. State four advantages of using intermediaries in the distribution of goods- Reducing transaction between producers and consumers

- ✓ Breaking bulk
- ✓ Accumulating bulk
- ✓ Taking of holding goods
- ✓ Providing finance to producers
- ✓ Product promotion
- ✓ Transporting goods
- ✓ Storage goods

8. four differences between cooperative societies and private limited company.
 (4 marks)

Cooperative	Private limited company
1. main objective is service to members	1.main objective is to make profit
2. formed by minimum of ten members and no maximum	2.formed by a minimum of two and no maximum
3. Main source of capital is members contribution	3.main source of capital is sale of shares
4. Managed by a committee of members	4.managed by one or two directors
5. 5.firmed through cooperative act	5.formed throy company act

9. four advantages of using modern technology in an office. (4 marks)

Fast/speed

Accuracy

Presentable outcome

Ease flow of communication

Reduces cost of communication

10. Venus Traders

Balance sheet

As at 31st December 2020

Land	120,000	Capital	280,500
Cash	24,600	creditors	37,409
Building	430,500	5 year loan	256,700
	574,600		574,600

11. Four factors that may hinder geographical mobility of labour. (4 marks)

Poor transport network

Political instability/insecurity

Family ties

Health of a person

Age of a person

Expected remuneration

12. The following relate to Furaha Traders for the year 2020

i) closing capital (31.12.2020) sh 300,000

ii) the owner converted his personal computer valued at sh 35,000 into business use.

iii) the owner had withdrawn goods worth sh 40,000 for personal use.

iv) incurred losses amounting to sh 65,000

Determine Furaha Traders initial capital on (1.01.2006). (4 marks)

INITIAL CAPITAL _ 300,000

13. For each of the following source documents, indicate the book of original entry (4 marks)

Sourc document	Book of original entry
Received receipt	Cash payment journal
Incoming invoice	Purchases journal
Outgoing credit note	Sales journal
Incoming cash sale slips	Purchases journal

14. four measures that a government may take to reduce the mortality rate in a country. (4 marks)

reduce accident on roads

Fast response to emergency cases

Ensures security/political stability

Provide better health care

Ensures food security

15. The following balances were extracted from the books of Mavuno Traders for the year ended 31st march 2021.

Gross profit. 186,200

Discount allowed. 7,400

Carriage outwards. 13,500

Rent received. 34,300

Office expenses. 19,600

Salaries. 57,000

Prepare a profit and loss for the ended 31st march 2021(5 marks)

16.State four factors that determine the amount of money held for precautionary

motive.

(4 marks)

Level of income- the higher the income the higher the amount of money held for precautionary motive.

- Family status- high class families tend to hold more money for precautionary motive than low class families.
- Age of the individual- the aged tend to hold more money for precautionary motive than the young since they have more uncertainties than the young.
- Number of dependant- the more the dependants one has, the more the money they are likely to hold for precautionary motive.
- Individual's temperament- pessimists tend to hold more money for precautionary motives than the optimists because they normally think things will go wrong.
- Duration between incomes- those who earn money after a short time are likely to keep less money than those who earn money after a long time.

17. State four methods of sale promotion a business may adopt.(4 marks)

Psychological selling

Free sample

Free gift

Coupons

Use of Promotional convoy

Loss leader

18. four reasons why consumers have to make a choice between competing needs.(4 marks)

- Because resources available for satisfying human wants are limited
- Because human wants vary in urgency and intensity
- Because there is variation in tastes and preferences of human wants
- Because human wants are too many to be satisfied at once

19. a) roadside seller

b) hawkers

c) automated vending machine

d) open air market

20. Four ways a business can use to motivate it's work force.(4 marks)

Timely payments

Promotion based on merits

Involving worker's in decision making

Recognizing efforts

Organizing sports, games, team building among workers

Training of workers

21. Extraction

Manufacturing

Processing

Provision of services

Trade

Distribution

22. four benefits of selling goods online. (4 marks)

Faster buying process. Customers can spend less time shopping for what they want. ...

Store and product listing creation. ...

Cost reduction. ...

Affordable advertising and marketing. ...

Flexibility for customers. ...

Product and price comparison. ...

No reach limitations. ...

Faster response to buyer/market demands.

23. four circumstances under which an insurance contract may be terminated. (4 marks)

When the insured is compensated

When the risk has occurred

If it is not for a legal purpose.

Failure to renew a contract.

When the insurer is finally wound.

Not obeying i.e. going against the principle of uberima fides.

Insolvency.

When the parties don't have legal capacity to contract.

24. ability to solve problems

Initiative

Future/goal oriented

Good decision maker

Creative

25. Show the effect of each of the following transactions on capital, assets and liabilities

indicating if it is increasing(+), decreasing(-) or nil(0).

(4 marks)

Transaction	Capital	Asset	Liability
a) Converted private house into business premises	+	+	0
b) Paid creditors in cash	0	-	-
c) Sold a business car valued at sh 400,000 for sh 300,000 on credit	-	-	0
d) Sold goods on credit	-	+	0

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