**MWAKICAN JOIN EXAMINATION TEAM (MJET) 2017**

**MARKING SCHEME BUSINESS PAPER 1 FORM3**

1. Highlight any four benefits to a business that adopts a landscape office layout. (4mks)
2. **There will be easy location of workers.**
3. **There will be easy supervision of workers.**
4. **It is an attractive and conducive environment to work in.**
5. **It will promote team work among the workers.**
6. **It will discourage absenteeism of workers.**
7. **Will promote sharing of office equipment.**
8. **The maintenance costs are low.**
9. Name any four types of small-scale retailers with shops. (4mks)
10. **Single shops**
11. **Tied shops**
12. **Kiosks**
13. **Mobile shops**
14. **Market stalls**
15. **Canteens**
16. Indicate whether the following document used in home trade is written by the seller or the buyer. (4mks)

|  |  |
| --- | --- |
| **Document** | **Seller or buyer** |
| 1. Letter of inquiry
 | **Buyer**  |
| 1. Acknowledgment note
 | **Seller** |
| 1. A price list
 | **Seller** |
| 1. Goods damaged note
 | **Buyer**  |

1. Outline any four external factors that may negatively affect a business. (4mks)
2. **Low population/small market**
3. **Poor technology**
4. **High taxes**
5. **Low consumer incomes**
6. **Unfavourable laws**
7. **Harsh/adverse climatic conditions**
8. **Political instability**
9. **Unfavourable cultural practices**
10. Indicate whether the following are producer or consumer goods. (4mks)
11. Irrigation Water - **producer**
12. A private vehicle - **Consumer**
13. A sewing machine used in a tailor’s shop - **producer**
14. A pair of shoes - **consumer**
15. Give any four advantages of a sole proprietorship form of business unit. (4mks)
16. **Sole trader enjoys profit alone.**
17. **Sole trader can maintain top secrets of his/her business.**
18. **Sole trader has direct personal contact with customers and therefore can cater for their individual needs.**
19. **Requires few legal procedures to form.**
20. **Decision making and implementation is fast**
21. **Trader has direct personal control of the business.**
22. **Trader can get assistance from family members.**
23. **Requires a small amount of capital to start.**
24. Prepare a simple balance sheet from the following information relating to Jalali traders as at 30th June, 2016. (5mks)

|  |  |
| --- | --- |
|  | Shs. |
| Stock of goods | 70,000 |
| Bank overdraft | 5,000 |
| Total expenses | 20,000 |
| 5 yr loan | 500,000 |
| Plant and machinery | 800,000 |
| Cash at hand | 30,000 |
| Creditors | 10,000 |

**JALALI TRADERS**

 **BALANCE SHEET** √(1)

**AS AT 30TH JUNE, 2016**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **FIXED ASSETS** | **SHS.** | **SHS.** |  | **CAPITAL AND LIABILITIES** | **SHS.**  | **SHS.** |
| **Plant and machinery** |  | **800,000**√½  |  | **Capital** |  | **385,000**√½  |
| **Current assets** |  |  |  | **Long term liabilities** |  |  |
| **Stock** | **70,000**√½  |  |  | **5 yr loan** |  | **500,000**√½  |
| **Cash** | **30,000**√½  | **100,000** |  | **Current liabilities** |  |  |
|  |  |  |  | **Bank overdraft** | **5,000**√½  |  |
|  |  |  |  | **Creditors** | **10,000**√½  | **15,000** |
|  |  | **900,000** |  |  |  | **900,000**√½  |
|  |  |  |  |  |  |  |

 NB: Title -1mk, others ½mk

1. Give any four reasons a firm may be located near the source of its raw materials. (4mks)
2. **To reduce transport costs of the raw materials.**
3. **To obtain the raw materials while still fresh**
4. **To ensure steady supply of the raw materials.**
5. **To ensure continuous production of goods/ avoid delay.**
6. **Where raw materials are heavy/bulky**
7. State whether the following factors are withdrawals or injections in the circular flow of income. (4mks)

|  |  |
| --- | --- |
| **Factor** | **Withdrawal/injection** |
| 1. Taxes
 | **Withdrawals** |
| 1. Savings
 | **Withdrawals** |
| 1. Investments
 | **Injections** |
| 1. Imports
 | **withdrawals** |

1. Indicate with a tick ( ) whether the following transactions will lead to increase, decrease or no effect to the Balance sheet totals. (4mks)

|  |  |  |  |
| --- | --- | --- | --- |
| Transaction | Increase | Decrease | No effect |
| 1. Paid creditors in cash
 |  |  |  |
| 1. Received a cheque from a debtor
 |  |  |  |
| 1. Purchased stock of goods on credit
 |  |  |  |
| 1. Obtained a bank loan and received a cheque
 |  |  |  |

1. State any four uses of computers in communication. (4mks)
2. **Internet**
3. **Intranet**
4. **Extranet**
5. **Teleconferencing.**
6. **Website**
7. **E-commerce**
8. The diagram below shows the demand and supply of a commodity in the market.

Quantities

Price

X

Y

X

P

Y

W

 z

Name (4mks)

1. Curve yy – **Supply curve**
2. Point p – **Equilibrium quantity**
3. Point z – **Equilibrium point**
4. W – **Equilibrium price**
5. Give four measures that a firm may take to reduce pollution of the environment. (4mks)
6. **Using environmentally friendly source of energy.**
7. **Recycling of some waste products.**
8. **Treating effluent before disposal.**
9. **Avoiding channeling effluents into water bodies.**
10. **Using proper methods of solid waste disposed eg dustbins.**
11. **Providing workers with necessary equipment e.g. goggles to reduce light pollution, ear defenders e.t.c**
12. **Fixing silencers on machines that produce a lot of noise.**
13. Outline any four channels of distribution for locally manufactured goods. (4mks)
14. **Local manufacturer – Government agent – Wholesaler – Retailer – consumer**
15. **Local manufacturer – Government agent – Retailer – Consumer**
16. **Local manufacturer – wholesaler - Retailer – Consumer**
17. **Local manufacturer – Retailer – consumer**
18. **Local manufacturer – Wholesaler- Consumer**
19. **Local manufacturer – Consumer**
20. State any four benefits of over population in a country. (4mks)
21. **Wider market**
22. **Better utilization of resources**
23. **Creates a pool of labour supply**
24. **Enhances creativity and innovation**
25. **Stimulates investment**
26. **Promotion of labour mobility**
27. Give any four characteristics of goods. (4mks)
28. **Tangible**
29. **Visible**
30. **Not always perishable/can be stored**
31. **Can be standardized**
32. **Loose value over time**
33. **Can change possession**
34. **Possibility of having a large number of talents/pool of talents**
35. State any four essential elements of transport. (4mks)
36. **Unit (s) of carriage**
37. **Methods of propulsion**
38. **The way**
39. **Terminals**
40. State any four principles of insurance. (4mks)
41. **Principle of indemnity**
42. **Principle of utmost good faith**
43. **Principle of insurable interest**
44. **Principle of proximate cause.**
45. **Principle of contribution**
46. **Principle of subrogation**
47. Give any four characteristics of a perfectly competitive market. (4mks)
48. **There are many buyers and sellers.**
49. **The products are homogenous**
50. **No government intervention**
51. **No transport costs.**
52. **There is free entry and exit of firms**
53. **Prices are set through price mechanism.**
54. **Seller and buyers have wide knowledge of the market.**
55. **Uniformity of buyers and sellers.**
56. **Perfect motivation of factors of production.**
57. a) State the law of supply. (1mk)

**When the price of a commodity increases the supply of the commodity increases and vise versa.**

1. Mention any three methods of determining the prices in a market. (3mks)
2. **Price mechanism**
3. **Government intervention**
4. **Auction**
5. **Bargaining**
6. **Tendering**
7. **Manufacturers/retail recommended price**
8. **Collusion**
9. Give any four benefits to a firm that has its own warehouse. (4mks)
10. **Can design the warehouse according to own specifications.**
11. **Avoids long procedures of receiving and releasing goods.**
12. **Can equip warehouse with necessary equipment.**
13. **Firm avoids the costs of hiring space.**
14. **Firm is able to take full control of activities in the warehouse.**
15. Give any four benefits of advertising through radio. (4mks)
16. **Radio will serve many people at the same time**
17. **It will attract/appeal to many people because of entertainment**
18. **Advertisement can be repeated many times**
19. **Radio is accessible even in remote areas.**
20. **Serves both the illiterate and literate**
21. **Radio channels are available for different languages.**
22. Highlight any four problems facing the transport sector in Kenya today. (4mks)
23. **Poor road network**
24. **Cartels in transport especially matatus**
25. **Increased rates of accident.**
26. **Disorder in public sector.**
27. **Loud music in matatus**
28. **Use of abusive language by drivers and conductors**
29. **Unroad worthy vehicles**
30. **Overloading**
31. **Careless driving**
32. **Corruption**
33. The following is a format of the debit side of a ledger account.

|  |  |  |  |
| --- | --- | --- | --- |
| Z | Particulars/Details | X | W  |
|  |  |  |  |

Name the columns labeled X, W, Z. (3mks)

1. Z is **Date**
2. X is **ledger folio**
3. W is **Amount**
4. Give any four circumstances under which written communication is used. (4mks)
5. **When there is need to keep a record for future reference**
6. **When there is need to have evidence.**
7. **When there is need to include finer details.**
8. **When making formal/official communication.**
9. **If the same message is intended for many people. E.g letters**
10. **If the communicating parties are literate.**