

KANDARA SUB-COUNTY FORM 3 JOINT EVALUATION

Kenya Certificate of Secondary Education

BUSINESS STUDIES

Paper 1
Oct/Nov. 2016

MARKING SCHEME

1. Channels of distributing flowers to Netherlands

- a) Local producer → foreign consumer
- b) Local producer → foreign wholesaler
foreign consumer
- c) Local producer → foreign retailer → foreign consumer
- d) Local producer → foreign wholesaler → foreign retailer → foreign consumer
- e) Local producer → exporter → foreign consumer

2. Advantages of division of labour

- output per worker is greatly increased
- high quality products are produced
- saves time
- greater use of machines
- individual skills are developed
- development of new talents
- encourages innovation and invention
- less use of mental and physical effect
- production of standardized goods

4mks

3. Differences

Monopoly	Oligopoly
a) Single seller	b) Few large sellers
b) Makes independent decisions	b) There's interdependence
c) No close substitutes for the product	d) Can have close substitutes
d) No competition	d) Engages in non-price competition
e) Demand curve downward sloping	e) Kinked demand curve

4. Merits of personal selling

- there's immediate feedback from the consumer
- can demonstrate the use of the product
- can get orders directly from the consumer
- creates confidence and mutual trust for potential customers
- sales person can observe the customers reaction
- sales person can answer questions and adjust the style of presentation as required

5. Sources of finance for a public limited company

- loans
- trade credit
- hire purchase
- debentures
- shares
- retained profits
- discounting bills of exchange / promisory notes

6. Measures that the government of Kenya has put in place to protect consumers from unscrupulous business practices

- providing consumers with essential goods and services
- putting up of weights and measures Act
- licensing
- food and drugs Act
- public health Act
- KEBS

4mks

7. Reasons for satisfying basic wants before secondary wants

- they are essential for survival
- resources are limited
- cannot be postponed
- are felt needs

4mks

8. External factors that may negatively influence the operations of a business

- lack of finances
- unfavourable government policies e.g. high taxes
- high competition
- negative social cultural practices
- limited market due to low population
- political instability

4mks

9. Njoroge's two column cash book

Date	Details	Cash	Bank	Date	Details	Cash	Bank
2012							
Jan. 1	Bal b/d	40,000		Jan. 1	Bal b/d		16,000
2	Sales	11,000		" 4	Rent	4,000	
12	Sales		60,000				

5 ticks x 1mk = 5mks

10. Components of Business studies

- economies
- office practice
- entrepreneurship
- accounting
- commerce

4mks

11. Documents

- i) Debit note
- ii) Statement of account
- iii) Catalogue
- iv) Invoice

12. Ledger account Classification

- | | |
|----------------|----------------|
| a) Rent income | Nominal ledger |
| b) Premises | General |
| c) Creditors | Purchases |
| d) Drawings | Personal |

13. $CC = OC + AC + P - D$

$P = CC - OC - AC + D$

$= 9800000 - 680000 - 1221560 + 50440$

$= 1828880$

14. Asset

Capital

Liabilities

80500

19100

61400

25000

20000

5000

3773

-380

4153

15.

Transaction	Asset	Liabilities	Capital
a) bought furniture on credit	+	+	
b) Paid creditors by cash	-	-	
c) Withdrew cash for personal use	-		-
d) Converted a personal car for business use	+		+

4mks

16. Features of indirect production

- products produced for sale
- surplus goods are produced
- there's interdependence among producers
- products produced are of high quality
- use of modern technology
- promotes division of labour and specialisation

17. Unethical practices in product promotion

- giving false / misleading information
- promoting sales with genuine products but actually selling counterfeits
- use of offensive message to the public
- message used in bad light to the competitors

4mks

18. Circumstances under which a credit note can be issued

- to correct an over charge
 - where some goods have been returned due to damage
 - where the buyer was charged for goods not supplied
 - where the buyer returns empty packing containers for which he had paid you
 - where the goods not ordered for are returned
- 4mks**

19. Measures to curb road carnage in Kenya

- use of speed governors
- heavy penalties for offenders of traffic rules
- mobile court of laws
- development of roads / expansion
- use of NTSA
- removal of unroadworthy vehicles on the roads

20. Factors that may limit exploitation of natural resources in Kenya

- lack of finances
 - lack of skilled labour
 - poor infrastructure
 - high cost of modern technology
 - insecurity
 - resources being in small quantities
- 4mks**

21. Circumstances under which a trader may insist on being paid in cash

- when the customer is new to him
- when he does not want to suffer bad debts
- when the amount involved is so small
- when the items / goods involved are fast moving
- when the seller is in dire need for working capital

22. Factors that may necessitate re-insurance

- when the value of the property is high
- when the chances of the risk occurring are very high
- when the insurance company has covered many risks
- where there is need to spread the risk
- it is a requirement by law

23. Advantages of carrying out trade through the internet

- access to a large market
- fast way of doing business
- reduced paperwork
- saves on cost of sending, receiving and storing information
- access to important business information which can enhance running of the business

24. Causes of unemployment

- high rate of population growth
- use of inappropriate technology
- lack of coperant factors
- inadequate market
- inappropriate education system
- changes in seasons
- labour immobility

25. Methods of determining prices of products i e market

- auctioning
- haggling / bargaining
- tendering
- government intervention