

**SCHOOL BASED FORM FOUR EXAMINATION JULY/AUGUST 2017**  
**BUSINESS STUDIES 565/1 MARKING SCHEME**

1. (a) Primary  
(b) Tertiary  
(c) Secondary  
(d) Tertiary
  
2. (i) Provision of good infrastructure  
(ii) Promoting political stability  
(iii) Encouraging healthy competition  
(iv) Formulating favourable policies  
(v) Providing adequate security  
(vi) Provision of social amenities
  
3. (i) Where the raw materials are too bulky  
    Compared to the final product  
(ii) Where the raw materials are perishable  
(iii) Where raw materials are located near the  
    market for the final product  
(iv) Where the government policy requires such  
    firms to be located at the raw materials source to  
    reduce pollution  
(v) Where the raw materials are fragile
  
4. (i) Increasing taxes hence reducing disposable  
    income of the household  
(ii) Controlling export of domestic goods thereby  
    building up reserves stock and maintain adequate  
    supply in the domestic market  
(iii) Controlling imports which may attract high  
    prices  
(iv) Instituting price control on specific industries  
    to help keep price stable  
(v) Relaxing exchange rate system to allow the  
    rate of exchange to adjust automatically  
    depending on the trading patterns .

5.	A/c debited	A/c credited
(i)	Bank a/c	Cash a/c
(ii)	Drawing a/c	Cash a/c
(iii)	Purchase a/c	Creditors a/c
(iv)	Furniture a/c	Bank a/c

6. (i) Poor quality goods  
(ii) Low rate of production  
(iii) Low standards of living  
(v) Lack of creativity and innovation

7.	Partnership society	Co-operative
(i)	Formed by a minimum of 2	Min 10
(ii)	Partnership act	Co-operative society act
(iii)	Managed by partners committee	Managed by Magement
(iv)	Partners contribution as subscription main source	Members of capital
(v)	Partners have unlimited limited liability	Members have liability
(vi)	Uncorporated	Incorporated
(vii)	Lacks continuity	Continuous succession

8. (i) Less mobile labour  
(ii) Low labour supply  
(iii) High depending ratio  
(iv) Fall in demand for good and services required  
    by the youths

$$\begin{aligned}
 9. \text{ G.P} &= 25 \times 225,000 \\
 &= 56250 \\
 \text{Net profit} &= \text{GP} - \text{Expenses} \\
 &= 56250 - 13000
 \end{aligned}$$

$$= 43,250$$

$$Cc = OC + N.P + A.I-D$$

$$520,000 - 43,250 = 80,000 + 25,000 = O.C$$

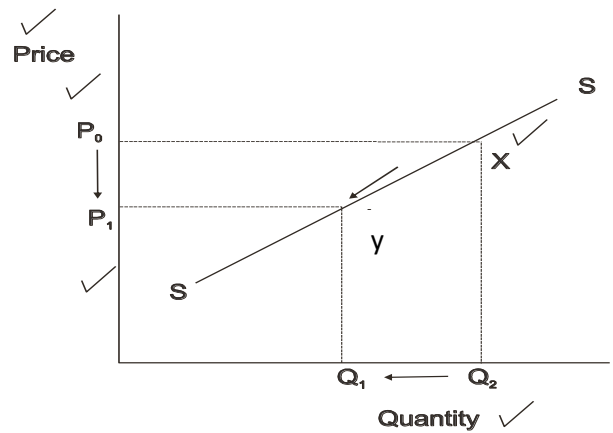
$$O.C = \text{Sh. } 421,750$$

10. (i) Effective transport of heavy goods  
 (ii) Effective transport of bulky goods  
 (iii) Reduce congestion on roads  
 (v) Cheap over long distance  
 (vi) Growth of towns centres along the Terminal
11. (i) They cannot be postponed  
 (ii) They are felt needs  
 (iii) They satisfied before secondary wants  
 (iv) They are universal
12. (i) Acceptability  
 (ii) Divisibility  
 (iii) Portability  
 (iv) Durability  
 (v) Stability  
 (vi) Homogeneity  
 (vii) Cognisability  
 (viii) Scarcity  
 (ix) Malleability
13. i) To check on the accuracy of the ledger a/cs  
 (ii) A summary of the information on ledger a/cs  
 (iii) Facilitate preparation of final accounts  
 (iv) For quick reference of balances in accounts
14. (i) Provide well trained personnel  
 (ii) Ensure its located at a suitable place  
 (iii) Provide proper building  
 (iv) Provide good communication network  
 (vi) Proper recording system

Tana Traders  
 Balance Sheet  
 As at 31<sup>st</sup> December 2008

	Sh.		Sh.
Land	200,000	Capital	120,000
Debtors	20,000	Less Drawing	20,000
Stock	10,000	Bank overdraft	80,000
		Accrued electricity	50,000
	<b>230,000</b>		<b>230,000</b>

6. Saves on cost of buying many machines  
 (i) They are not misused  
 (ii) Saves on space  
 (iii) Promotes teamwork  
 (v) Maintenance cost is low



**8x ½ = 4mks**

- 8 (i) It helps to raise revenue  
 (ii) It controls inflation  
 (iii) Reduce inequality in income distribution  
 (iv) Corrects unfavourable balance of payment

19. (i) Local farmer → marketing board → Foreign wholesaler → Foreign consumer  
 (ii) Local farmer → Government agent → Foreign wholesaler → Foreign consumer  
 (iii) Local farmer → Producer co-operative → Marketing board → Foreign retailer → Foreign consumer  
 (iv) Local farmer → Government agent – Foreign retailer → Foreign consumer

20. Enables a country to dispose off surplus  
 (i) Allows free mobility of labour and other factors  
 (ii) Cheaper imports  
 (iii) Enables development of infrastructure  
 (v) Generate revenue to a country from exports  
 (vi) Create wealth and reduces poverty levels

21. (i) Creation of employment  
 (ii) Exploitation of local resources  
 (iii) Provision of social amenities  
 (iv) Improvement of infrastructure

22 CASH RECEIPT JOURNAL

Date	Particulars	L.F	Discount Allowed	Cash shs	Bank sh
2008					
Oct 2	Sales			25,000	
Oct 3	Kiplangat		2000		39000
Oct 10	Kariuki		400	19600	
Oct 12	Cash				9000
	Total posted to				
	Discount allowed a/c				
	Dr, cash a/c Dr and				
	Bank a/c Dr		2,400	44,600	4,8000

23. (i) Prejudgment  
 (ii) Language barrier  
 (iii) Negative altitude  
 (iv) Emotial response

- 24 (i) Where the seller want to attract customers  
 (ii) Where the seller want to increase sale  
 (iii) Where the seller want to dispose off slow moving stock

(iv) Where there is high competition

25. (i) The firm has no control on the timing  
 (ii) The media may give negative information  
 (iii) It may not cover the information that is crucial to survival of the business  
 (iv) It is irregular and short –lived