

FORM FOUR TERM ONE EXAM 2017

BUSINESS PAPER 1 MARKING SCHEME

SCHOOLS NET KENYA

Osiligi House, Opposite KCB, Ground Floor
Off Magadi Road, Ongata Rongai | Tel: 0711 88 22 27
E-mail: infosnkenya@gmail.com | Website: www.schoolsnetkenya.com

BUSINESS 1

MARKING SCHEME

1. a) Office practice
b) Entrepreneurship
c) Commerce
d) Accounting
2. - Show amount of finance required
 - Motivates employees
 - It is a requirement by financiers
 - Helps in avoiding mistakes
 - Identifying strengths and weaknesses
 - Determines how resources are allocated
 - Helps in adaptability of the business
3. - Unfavorable government policies e.g. high taxation
 - Lack of market for local producers
 - Low level of education and training on business issues
 - Dilapidated infrastructure
 - Political instability and insecurity in the country
 - Inadequate capital
 - Poor culture 'stiff competition
 - Unfavorable natural factors
4. - They are scarce/limited in supply
 - Have monetary value
 - Not evenly distributed in all regions
 - Have utility
 - Have multiple uses
 - Are transferable from persons to persons
 - Can be combined in proportion to get other products.
5. - Capital required
 - Number of employees
 - Cost of maintenance
 - Area covered
 - Nature of the organization
 - Government policy/law
6. Drawing
7. - Breaking the bulk
 - Accumulating bulk
 - Product promotion
 - Provide variety of goods
 - Passing information to the consumers/producers
 - Reducing the transactions between producers and consumers
 - Avail financiers
8. - High dependence ratio
 - High rate of unemployment
 - Increased social evils/crimes
 - Low labour supply
 - Pressure on goods and services required by the youth
 - Diversion of government expenditure
 - Reduced savings and investments
9. - Renewal
 - Non- renewal
 - Renewable
 - Non-renewable
10. - Age of the person
 - Type of the policy
 - Income of the person
 - The residence
 - Health of the person
 - Type of occupation

11. - Sh 49,400
 - Sh 176,570
 - Sh 534,451
 - Shs 813,541
12. - Sales return/returns inward journals
 - Purchase journals
 - Purchases return/returns outward journals
 - General journals
13. - Memorandum of association
 - Articles of association
 - Lists of directions
 - Declaration
 - Statement signed by directors
14. - Earns interest at an agreed rate
 - There is usually a minimum amount required
 - A certificate of deposit is usually issued
 - On expiry of the deposit period ,all the money with interest withdraw or renew the contract
 - The account holder may lose interest if the money is withdraw before agreed period
 - Earns high interest rate
15. There are a few large sellers in the market
 - The firms produce homogenous products
 - There is interdependence among firms
 - There is price rigidity
16. -Little government monitoring
 - Usually located in areas convenient for users
 - It is easier to clear goods from the warehouse
 - It is expensive to store goods in the warehouse
 - Store goods that are not subject to custom duty
17. - Have limited liability
 - Have a legal entity of their own
 - Formed by act of parliament
 - Board of directors are appointed by the government
 - They are fully owned by the government
 - They are heavily funded by the government
18. It required high level literacy which may lack in businessmen
 - The telex machine is costly to buy
 - It is expensive to pay the required subscription and mental fees
 - It cannot be used to send maps, diagrams and charts
 - Breakdown in machine make communication difficult
 - It requires power to use
19. The way
 - Method of propulsion
 - The terminals
 - Units of carriage
20. When signatures differ
 - When there is insufficient funds
 - When the drawer disallows
 - When the cheque is postdated
 - When the cheque is state
 - When the cheque is torn/defaced
 - When the drawer is insane
 - When the cheque is altered and the drawer has not signed against the alteration.
21. Cost of goods sold-Opening stock + purchase -Closing stock

$$100,000+ 520,000-80,000$$

$$= \text{Sh } 540,000$$

$$\begin{aligned} \text{Average stock} &= \frac{\text{Opening stock} + \text{Closing stock}}{2} \\ &= \frac{100,000+ 80,000}{2} \\ &= \text{Sh } 90,000 \end{aligned}$$

$$\text{Rate of stock turnover} = \frac{\text{cost of goods sold}}{\text{Average stock}}$$

$$= \frac{540,000}{90,000} = 6 \text{ times}$$

22. Get free samples and gifts

- Buy products at reduced prices
- Demonstration is possible
- Get to see and feel the product
- Advice on how to use the product
- Form of entertainment

23. Repossessed goods are sold as second hand hence loss of profit

- A lot of documentation and filing hence costly
- Seller may lose goods if seller relocated to unknown area
- Holds a lot of capital in stock and debts
- A lot of money is used in repair

24. Subsidies/cheap finances/technical assistance

- Incentives/tax holidays/duty free privilege
- Loan guarantee
- Protection /security
- Offering cheap or free land
- Improvement of infrastructure

25. Raising revenue.

- Discouraging consumption of certain products
- Discouraging importation of certain products
- Controlling inflation
- Influencing location of business
- Correcting unfavorable balance of payment