



565/1 MS  
BUSINESS STUDIES  
Paper 1  
MARKING SCHEME  
November 2024

Ex. No. 1

tufile

THE KENYA NATIONAL EXAMINATIONS COUNCIL  
KENYA CERTIFICATE OF SECONDARY EDUCATION  
BUSINESS STUDIES  
Paper 1

MARKING SCHEME  
(CONFIDENTIAL)

THIS MARKING SCHEME IS THE PROPERTY OF THE KENYA NATIONAL EXAMINATIONS COUNCIL AND IT MUST BE RETURNED TO THE KENYA NATIONAL EXAMINATIONS COUNCIL AT THE END OF MARKING.

This marking scheme consists of 11 printed pages.

1. Factors that may determine the fertility rate of a population include:

- a) Literacy levels among the population.
- b) The marriage rate among people in the productive age bracket.
- c) Cost of bring up children.
- d) Economic significance of a large family, e.g. children seen as a source of cheap labour.
- e) Cultural beliefs e.g. many child <sup>ren</sup> were a source of prestige.
- f) Religious factors where some <sup>religion</sup> religious prohibit use of family planning.
- g) Availability of social amenities such as medical facilities.
- h) Government policies regarding family size.

(Any 4 x 1 = 4 marks)

- i) Age structure of the population.
- j) Sex structure of the population.
- k) Incidence/extent of barrenness.
- l) Level of nutrition.
- m) Time taken in school.

2. Unit of Carriage:

- a) Human beings.
- b) Vehicles/cars.
- c) Ships.
- d) Aircrafts / Aeroplanes

(Any 4 x 1 = 4 marks)

3.

Farmer	370	✓ <sup>1</sup>
Cooperative society	30	✓ <sup>1</sup>
ABC wholesalers	40	✓ <sup>1</sup>
Kamau retailers	70	✓ <sup>1</sup>
<b>Total</b>	<b>Shs 510</b>	✓ <sup>1</sup> ✓

(Any 6 x 1/2 = 3 marks)

4. Advantages of XBC company being listed on the Nairobi Security Exchange (NSE) include:

- a) NSE will facilitate buying of shares for XBC Company.
- b) NSE will facilitate selling of shares for XBC Company.
- c) NSE provides useful information which is timely, accurately and reliable to the company.
- d) NSE can assist XBC Company to raise capital.
- e) NSE is a form of publicity for the company.

f) NSE ensures better mgmt of XBC company.

(Any 4 x 1 = 4 marks)

5. Causes of business success includes:

- a) Availability of capital.
- b) Proper planning, management
- c) Application of appropriate technology.
- d) Good customer relations.
- e) Availability of ready market.
- f) Good infrastructure.
- g) Favourable government policy.

- h) Availability of raw materials/stock
- i) Fair competition.
- j) Owner's commitment to the business.

k) Proper debt mgmt.

l) Proper research.

m) Security

n) Availability of skilled labour.

(Any 4 x 1 = 4 marks)

6. Reasons that may influence a consumer to satisfy basic wants before secondary wants include:

- a) They are essential for survival.
- b) The consumer has limited resources.
- c) They cannot be postponed.
- d) They are felt needs. (intensity)

(Any 4 x 1 = 4 marks)

Handwritten scribbles at the bottom left of the page.

Handwritten word "winner" at the bottom right of the page.

- b) The consumer has limited resources
- c) They cannot be postponed.
- d) They are felt needs (intensity)

**Responsibilities of Jane as the personal secretary to CEO includes:**

- a) Receiving and filling information.
- b) Booking appointments for the CEO.
- c) Taking and writing minutes during meetings.
- d) Maintaining small amounts of money for petty cash purchases in the office.
- e) Receives and makes calls for the CEO.
- f) Ushering in visitors to the CEO's office.
- g) Supervising junior secretarial staff.
- h) Taking dictation from the CEO
- i) Making travel arrangements for the CEO.

(Any 4 x 1 = 4 marks)

4/20/2023

**Trends in the transport sector in Kenya include:**

- a) Electric vehicles.
- b) Dual carriage roads are being developed.
- c) Use of technology such as google maps. etc.
- d) Use of boda boda/motor cycle for convenient purpose.
- e) Private personal vehicles with less carrying capacity referred to as taxi with mobile applications for requesting a ride.
- f) Electric motor cycles are being introduced in the sector.
- g) Introduction of standard gauge railway system.
- h) Use of tri-cycles e.g tuktuk.
- i) Express bus

(Any 4 x 1 = 4 marks)

1/1/2023

Price (Sh)	Quantity (units)
70	1000
60	8000
50	6500
40	5000
30	4000
20	2500
10	1000

16x4

200

The supply schedule for product X:

Price ✓ (Sh)	Quantity (kgs) ✓ supplied
70 ✓	10,000 ✓
60 ✓	8,000 ✓
50 ✓	6,500 ✓
40 ✓	5,000 ✓
30 ✓	4,000 ✓
20 ✓	2,500 ✓
10 ✓	1,000 ✓

Can also be horizontal.

(16 x 1/4 = 4 marks)

1 d 1 c

0. Demerits of government involvement in business in the country include:

- Political interference.
- Discourage private investments/ existing business becoming insolvent.
- Poor quality of goods and services.
- Limited choices for consumers when the government business is a monopoly.
- Unstable management as it may keep on changing depending on the current government.
- Lack of accountability thus corruption.

(Any 4 x 1 = 4 marks)

- Burden to the tax payers in debt holding them out.
- Bureaucracy leads to delay in service delivery.

1. Uses of a balance sheet to the business include:

- Used to determine if the company can sustain future operations. / financial position of the business
- Can be used to borrow money.
- Can be used to determine if working capital is enough.
- Used for decision making and planning purpose.
- Used to compare the business performance with that of other similar businesses.
- Used as one of the documents required by the government for taxation purpose.

(Any 4 x 1 = 4 marks)

See p 11

Tom

- Indicates the networth of business / ~~financial position~~ ~~the~~

Used to determine the networth of a business.  
Used to determine the liabilities of a business.

4 190

g) ~~Indicates the networth of the business / financial position of the business.~~

12. **Factors that may lead to favourable balance of payment for a country includes:**

- a) Increased volumes of a country's exports.
- b) Decreased volumes of imports.
- c) Devaluation of a country's currency.
- d) Improved terms of trade making exports fetch better prices as compared to imports.
- e) Formation of trading blocs allowing for more exports.
- f) Reduced foreign expenditure to limit capital outflow.
- g) Increased capital inflows
- h) Diversification of exports
- i) Value addition to exports

(Any 4 x 1 = 4 marks)

13 **Features of a bonded warehouse include:**

- a) Storage charges are made on all goods stored in the warehouse.
- b) Goods can be sold while still under bond.
- c) Goods <sup>are</sup> can be bonded till custom duty is paid.
- d) They are used to store imported goods/dutiable goods
- e) Goods can be re-exported while still in the bonded warehouse.
- f) Goods <sup>are</sup> can be released only on production of a release warrant.

(Any 4 x 1 = 4 marks)

- g) Located at entry points of country,
- h) Inspection of goods can be done by custom officials
- i) Controlled by the government.

14.	<p><b>Forms of business units described include:</b></p> <p>a) Partnership.  b) Private limited company.  c) Co-operative society.  d) Public limited company.</p>	(4 x 1 = 4 marks)
15.	<p><b>Reasons for product promotion include:</b></p> <p>a) To <u>increase volume of sales</u> of their new product.  b) To <u>persuade existing and potential customers</u> to buy their products.  c) To <u>inform customers</u> about their new products.  d) To <u>educate customers on the use of products</u>.  e) To <u>cope with competition</u>.  <u>f) To improve the image of the business.</u></p>	(Any 4 x 1 = 4 marks)
16.	<p><b>Internal sources of public finance include:</b></p> <p>a) <u>Fines</u> imposed on offenders  b) <u>License fee</u>.  c) <u>Taxes</u>.  d) <u>Profit</u> from government parastatals/<u>dividends</u>.  e) <u>Proceeds</u> from sale of government properties.  f) <u>Rent and rate paid</u> for use of government properties/<u>lease income</u>  g) <u>Domestic borrowing</u> (Sales of Treasury bills and bonds).  <u>Rates paid for use of government properties.</u>  <u>Ex Grants</u>  <u>Interests on loans advanced by the government.</u>  <u>Fees</u></p>	(Any 4 x 1 = 4 marks)
17.	<p><b>Factors that may facilitate a high rate of economic development include:</b></p> <p>a) <u>Focus on industrial growth</u>/ industrialization.  b) <u>Development in infrastructure</u> / <u>social amenities</u>.  c) <u>Enhance research on development planning</u>.</p>	

- d) Education and training which is skill oriented *skilled labour*  
 e) Increased use of technology.  
 f) Endowed with resources.  
 g) Political stability.  
 h) Development of social amenities eg hospitals.  
 i) Elimination of outdated cultural practices.  
 j) Good governance eg absence of corruption.  
 k) Positive attitude towards home.
- (Any 4 x 1 = 4 marks)  
 l) Increased foreign investment.  
 m) Favourable government policies.

18. **Types of taxes:**  
 a) Excise duty.  
 b) Estate duty.  
 c) Custom duty.  
 d) Corporate duty. *tax*
- (Any 4 x 1 = 4 marks)

19.

*Dr* **Opondo's A/c** *Cr*

Date	Details	Folio	Amount
2023			
Sept. 1	Sales ✓	SJ 1 ✓	9,000 ✓ <sup>1</sup>
15	Sales ✓	SJ 1 ✓	2,000 ✓ <sup>1</sup>

*Dr* **Hassan's A/c** *Cr*

Date	Details	Folio	Amount
2023			
Sept. 5	Sales ✓	SJ 1 ✓	6,500 ✓ <sup>1</sup>

*Dr* **Wanjiru's A/c** *Cr*

Date	Details	Folio	Amount
2023			
Sept. 10	Sales ✓	SJ 1 ✓	5,000 ✓ <sup>1</sup>

(4 x 1 = 4 marks)  
 $12 \times \frac{1}{3} = 4 \text{ marks}$

20.	<p><b>Benefits of trade to the economy of Kenya include:</b></p> <p>a) <u>Helps people to acquire what they cannot produce.</u></p> <p>b) <u>Avails a variety of goods and services</u> thereby improving the living standards of people.</p> <p>c) <u>Creates employment opportunities.</u></p> <p>d) <u>Encourages specialization and division of labour.</u></p> <p>e) Ensures <u>steady supply of goods and services.</u></p> <p>f) Economic growth and development through <u>collection of revenue</u> by the government.</p> <p>g) <u>Exploitation and utilization of locally available resources.</u></p> <p><i>h) <u>Creates market for surplus product.</u></i></p> <p><i>i) <u>Creates good relations among trading partners.</u></i></p>	(Any 4 x 1 = 4 marks)
21.	<p><b>Factors to be considered by the Principal on the means of communication to use include:</b></p> <p>a) The <u>cost involved</u> of the means of communication.</p> <p>b) <u>Availability of the means</u> of communication.</p> <p>c) <u>Reliability</u> that the message will reach the parents/guardians.</p> <p>d) The <u>literacy level</u> of the parents/guardians.</p> <p>e) The <u>urgency</u> of the message.</p> <p>f) The <u>confidential nature</u> of the information being sent.</p> <p><i>g) <u>The need for evidence of communication/reference.</u></i></p> <p><i>h) <u>Distance involved/ Geographical <sup>coverage</sup> <del>area</del></u></i></p> <p><i>i) <u>Accuracy of the message.</u></i></p>	(Any 4 x 1 = 4 marks)
22.	<p><b>External economies of scale that a firm may enjoy when operating on a large scale include:</b></p> <p>a) <u>Ready market</u> from the surrounding industries.</p> <p>b) <u>Access to skilled labour force.</u></p> <p>c) <u>Improved infrastructure.</u></p>	

<ul style="list-style-type: none"> <li>d) <u>Easy disposal of waste.</u></li> <li>e) <u>Ready<sup>ly</sup> available complementary services</u> like banking, insurance, etc.</li> <li>f) <u>Government support.</u></li> <li>g) <u>Improved security.</u></li> <li>h) <u>Joint research.</u></li> <li>i) <u>Readily available raw materials.</u></li> <li>j) <u>Access to improved technology.</u></li> </ul>	<p>(Any 4 x 1 = 4 marks)</p>
<p>23. <b>Business transactions that affect accounting in the business include:</b></p> <ul style="list-style-type: none"> <li>a) <u>Borrowing money from the bank.</u></li> <li>b) <u>Purchasing of goods.</u></li> <li>c) <u>Paying rent and other utilities.</u> bills e.g rent etc.</li> <li>d) <u>Sale of goods.</u></li> <li>e) <u>Paying interest.</u></li> <li>f) <u>Paying wages and salaries to employees.</u></li> <li>g) <u>Selling shares to investors.</u></li> <li>h) <u>Purchasing insurance.</u></li> <li>i) <u>Repayment of a loan.</u></li> <li>j) <u>Paying taxes.</u></li> <li>k) <u>Purchasing of fixed assets.</u></li> <li>l) <u>Receipts from debtors.</u></li> <li>m) <u>Payment to creditors.</u></li> <li>n) <u>Depositing cash to the bank.</u></li> <li>o) <u>Withdrawing cash from bank.</u></li> </ul>	<p>(Any 4 x 1 = 4 marks)</p>

TNB: Any other relevant transaction.

24. Classification of production activities as either primary, secondary or tertiary:

- a) Primary.
- b) Tertiary.
- c) Primary.
- d) Secondary.
- e) Tertiary.
- f) Secondary.
- g) Secondary.
- h) Tertiary.

(Any 8 x  $\frac{1}{2}$  = 4 marks)

25.

Malisafi Traders  
Trial Balance  
As at 30<sup>th</sup> April 2022 ✓

Particulars / Details	Dr (₹)	Cr (₹)
Purchases	260,000 ✓	
Creditors		80,000 ✓
Motor vehicle	240,000 ✓	
Sales		330,000 ✓
Debtors	90,000 ✓	
Capital		300,000 ✓
Cash at bank	20,000 ✓	
Stock	<u>100,000 ✓</u>	
Totals	<u>710,000 ✓</u>	<u>710,000 ✓</u>

(10 x  $\frac{1}{2}$  = 5 marks)