



BUSINESS STUDDIES PAPER 2[565/2]

MARKING SCHEME.

1.[a]

- I. Recurrent/Repetitive--needs keeps on occurring even after they are once met.
- II. Resources to use are scarce-one has to make a choice to meet most urgent needs others postponed.
- III. Some needs are habitual—some forms a habit requiring to meet them now and then.
- IV. Some are complimentary-meeting one forces a person to buy another good ie some are jointly meet.
- V. They are competitive—wants compete for attention to be met first,when one decides to meet a particular need others arises making it hard to meet them all.
- VI. They are insatiable/unlimited/endless—wants are many/uncountable hence hard to meet them all.
- VII. Wants keeps on changing –with once age/gender and time.

1.[b]

- Adequate handling equipment –to ensure goods are handled easily.
- Well trained staff-to enhance their performance.
- Proper arrangement of goods-to allow movement and accomodation of more goods.
- Proper inventory system-to monitor movement of goods and avoid losses.
- Good transport system—to ensure easy accessibility by workers goods in and out of the warehouse.
- Ensure good communication facilities—to enhance communication from and to the warehouse.

$$2[a] \text{Capital} = A - L = [50,000 + 10,000 + 200,000 + 30,000 + 20,000] - [160,000 + 14,000] = 136,000$$

Dr				Bank A/C				Cr			
June	1	Bal. b/f	50,000✓	June	1	Loan	40,000✓				
June	6	Cash	3,500✓	June	7	Bal c/d	33,500✓				
June	7	Debtors	20,000✓								
			73,500								73,500

Dr				Creditors A/C				Cr			
June	7	Bal. c/d	34,000✓	June	1	Bal. b/f	14,000✓				
					June	3	Purchases	15,000✓			
					June	5	Furniture	5,000✓			
			34,000								34,000

Dr			Cash	A/C		Cr	
June 1	Bal. b/f		10,000✓		June 6	Bank	3,500✓
June 2	Debtors		4,000✓		June 7	Bal. c/d	11,500✓
June 7	Debtors		1,000✓				
			15,000				15,000

Dr	Bank loan A/C	Cr	
June 1 Bank	40,000✓	June 1 Bal b/f	160,000✓
June 7 Bal. c/d	120,000✓		
	160,000		160,000

Dr	M. Vehicle A/C		Cr
Jun 1 Bal .b/f	200,000✓	Jun 7 Bal. c/d	200,000✓
	200,000		200,000

Dr	Stock A/C	Cr	
Jun 1 Bal. b/f	30,000✓	Jun 7 Bal.	30,000✓
	30,000		30,000

Dr	Debtors	A/C	Cr
Jun 1 Bal. b/f	20,000✓	Jun 2 Cash	4,000✓
Jun 4 Sales	65,000✓	Jun 7 Bank	20,000✓
		Jun 7 Cash	1,000✓
		Jun 7 Bal c/d	60,000✓
	85,000		85,000

Dr	Purchases A/C	Cr
Jun 3 Creditors	15,000✓ 15,000	Jun 7 Bal. c/d 15,000✓ 15,000

Dr	Sales A/C	Cr
Jun 7 Bal. c/d	65,000✓ 65,000	Jun 4 Debtors 65,000✓ 65,000

Dr	Furniture A/C	Cr
Jun 5 Creditors	5,000✓ 5,000	Jun 7 Bal c/d 5,000✓ 5,000

Dr	Capital A/C	Cr
Jun 7 Bal. c/d	136,000✓ 136,000	Jun 1 Bal. b/d 136,000✓ 136,000

36X1/2=12MKS

1 Mk for capital value

[b]

Economic development	Economic growth
Its increase in the size and quality of country's national income	Its increase in the size of a country's national income
Number of people living below poverty line decreases with increase in national income	Number of people living below poverty line may increase despite increase in national income.
An increase in national income due to general increase in income of all citizens	Increase in national income could be contributed increase of income of a few people.
They is tendency to bridge gap between the rich and poor.	No tendency to bridge gap between the rich and poor.
Economic wealfare of citizens improves with increase in national income.	Economic wealfare of citizens does not improve with increase in national income.

N/B Complete unsplit and matched point 2mks.

3 [a]

- Increase tax-High tax reduces income of tax payer hence decreasing once purchasing power.
- Giving incentives to producers/manufacturers-To help stimulate production and increase supply to match demand.
- Giving subsidies to producers-meeting part of production cost to enable them sell goods at lower prices.
- Reducing government expenditure—When government carry out projects ,it gives people money hence reducing expenditure means reducing money available leading to reduced purchasing power.
- Engaging in production—Government directly producing basic commodities eg food crop in order to stabilize their prices to ensure no shortages in the country.
- Price controls –by setting price ceiling beyond which goods should not be charged.
- Restricting imports-To control imported inflation.
- Use wage polices-To check increase of wages that can lead to inflation.

[b]

- Source of revenue-proceeds of sale is a source funds for government/taxes paid as corporate tax is a source of revenue.
- To reduce government expenditure-to cut/stop money used to run them.
- Comply with orders/directives of development partners-to concentrate on create an enabling and continue enjoying support from such bodies.
- Attract both local and foreign investors—to be involved in economic activitiesin the country.
- Enhance competition-to improve their efficiency and enable them provide qualitygoods.
- If they continue performing poorly-toreduce government expenditure to run them/bail them.

4 [a]

- Presence of buyers-users of products offered for sale.
- Availability of products-items being traded in the market
- Presence of sellers-those who who have brought items for sale
- Medium of exchange-agreed way of determing value of products in the market.
- Area/location/situation-to bring buyers and sellers together to conduct business.
- Freedom to buy/sell-no one forced/given incentives to buy/sell.

[b]

- Use of electric trains-replacing diesel engine that were slow.
- Use of bicycles-to carry goods and people.
- Large planes that are fast carrying many goods or people
- Underground tunnel for trains-to ease congestion on the surface.
- Development of dual carriage roads—to reduce congestion /minimize accidents on our roads.

- Use of motor cycles—used to carry people and goods.
- Use of tuk tuk—carrying few people within our towns.
- Passenger vehicles fitted with radio/video/wi-fi –to entertain passenger as they travel.
- PSV vehicles painted yellow line to enable passengers identify them and routes they take.
- PSV fitted with speed governors/safety belts - to minimize accidents.

5 [a]

Trading profit and loss a/c extract

Opening stock	60,000	Sales	52500
+purchases	100,000✓	-Returns inw	2500
Goods ava. For sale	160,000✓	Net sales	50000✓
-closing stock	120,000		
Cost of sales	40,000		
Gross profit	10,000✓		
	50,000		50,000

4x1/2=2mks

- Mark up = $Gp / \text{cost of sales} \times 100$
 $40,000 / 50,000 \times 100 = 80\% \checkmark \checkmark$
- Profit margin = $Gp / \text{net sales} \times 100$
 $= 10,000 / 50,000 \times 100 = 20\% \checkmark \checkmark$
- Working capital = CA / CL
 $CA = 120,000 + 75,000 = 195,000$
 $CL = 106,000 + 24,000 = 130,000$
 $\text{Working capital} = 195,000 / 130,000 = 3/2 \checkmark \checkmark$
- Rate of stock turnover = $\text{cost of sales} / \text{average stock}$
 $\text{Average stock} = [120,000 + 60,000] / 2 = 90,000$
 $\text{ROST} = 40,000 / 90,000 = 0.4444 \times \checkmark \checkmark$

[b]

- Real wage/voluntary unemployment where workers are not willing to accept wages offered thus remaining jobless.
- Seasonal unemployment, changes in seasons causes some people jobless eg off peak seasons in some industries.
- Frictional unemployment caused by changes from one job to another time taken depends on level of awareness of available jobs.
- Hardcore/structural unemployment brought about by changes in the methods of production.
- Cyclical/demand deficient/general unemployment caused by cycles in of economic activities when economy booms many people are employed while when under recess many remain unemployed.

- Open/involuntary unemployment occurs when people are actively looking for jobs and ready to accept wages offered but cannot get jobs.
- Hidden/disguised unemployment-those employed not fully utilised making some to be laid off.
- Technological unemployment when new technology requires people with certain skills those without or their part done by machines laid off.
- Residual unemployment-those with physical and mental problems not able to secure jobs.

6 [a]

- Consumers enjoy high quality products—as countries will specialize in production of what they are able best/has skills in.
- Increase in specialization by firms and individuals—to cater for increased market in many areas of the world.
- Improvement in innovation and technology—due to competition from other countries as they fight for market share.
- Opening up of more markets—selling opportunities will arise for her increased produce.
- Creation of jobs—due to increased production leading to improved standards of living.
- Promotes peace and understanding—as different trade together conflicts decreases as they depend on each other.
- Increased foreign exchange-resulting from exports to the wide market.
- Increases consumer choice/variety—hence able to select that which they prefer to meet their needs.

[b]

- Use of immoral adverts—pictures/words that erodes morals in the society.
- Promotion of counterfeit goods—where they pretend there are genuine.
- Use of loss leaders—items advertised at a lower price than its cost to attract people to visit their shops who will likely buy other goods.
- False features of goods—sales people/adverts giving false features/quality of products.
- Advertising decrease in price—but the firm major in selling its substitutes as they hoard advertised goods.
- Not disclosing side effects—can cause ill health as they fear not making sales if they inform users.