

565/2MS

BUSINESS STUDIES PAPER 2

TERM 1

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MARKING SCHEME

TERM 1

(CONFIDENTIAL)

- 1a) -They are unlimited in number /They are endless such that satisfaction of one leads to another want.
- Are competitive/cannot all be satisfied at the same time since the resources are few/They compete for priority from the available limited resources.
 - Some are recurrent such that the satisfied want may require to be satisfied again and again.
 - Some are universal /They relate to everyone in the whole world/common to everybody.
 - Some are complementary satisfaction of one want may create a need to satisfy another want(s).
 - They vary in intensity & urgency. Some wants are felt more than others and cannot be postponed while others are less intense and can be satisfied later.

- Some wants are habitual and they develop in a person from habits that they get used to.
- Some are insatiable/ cannot have full satisfaction of any given want.
- Wants vary from time to time, from one age group to another.

Naming 1mk

Qualification 1mk

2x 5=10

- 1b) –Accept deposits of money for safe keeping.
- Sources of finance to business people in form of loans which they use to start/run their businesses.
 - Issue letters of credit for clients who trade internationally to enable them access goods on credit.
 - Offer different means of payment to enable them carry out transactions smoothly e.g credit transfers.
 - Advice on financial investment where they give confidential financial reports on their customers.
 - Act as referees where they give confidential financial reports on their customers.
 - Act as agents to companies intending to sell shares to the public.
 - Act as management trustees to properties of a deceased person.
 - Offer foreign exchange -services such as bureau de change to facilitate international trade.

Naming 1mk

Qualification 1mk

2x5=10mks.

- 2a) –Convenient location/accessible to the users.
- Proper adequate handling equipment & machines for ease of operation.
 - Spacious enough to allow easy storage, movement accommodation and accessibility of goods by personnel.
 - Adequate/special storage facilities for handling/holding different types of goods/preservation against damage.
 - Fitted with safety and security equipment to ensure precaution/safety of goods/employees.
 - Qualified/competent personnel to facilitate smooth flow of operations.
 - Follow the laid down legal procedures to avoid conflict or registration/operate within the law.
 - Proper buildings/structures for the type of goods intended to be stored.

- Good communication system to facilitate exchange of information between the warehouse and its clients.
- Efficient transport network to enable the goods to be moved in and out of the warehouse with ease.

Naming 1mk
Explanation 1mk
5x2=10mks.

- 2b) –Low number of income generating population since most people are dependants.
- Inadequately trained labour/poor quality of labour supply /labour force.
 - Low natural resource endowment/low quality &quantity of the natural resource which are used as raw materials for production.
 - Too many foreign firms in the country who repatriate most of income generated.
 - Low level of technological advancements/low innovations and inventions leading to poor quality output and low profits.
 - Poor terms of trade/low value of exports compared to imports.
 - lack of aggressiveness to invest/entrepreneur.
 - Lack of peace/security/political stability creates a harsh environment to low national income.
- Existence of a large subsistence sector leads to underestimation of the country's output.

Naming 1mk
Qualification 1mk
2x5=10mks.

- 3a. –Speedy/ fast **since** there is increase use of machines for handling goods.
- reduced risk of theft of goods on transit as containers are sealed at the exporters premises.
 - Allows efficient utilization of space since containers are standardized and hence fit in well.
 - less/minimal damage to goods since containers are strong.
 - Specifically designed containers can be used for special goods.
 - Reduced insurance premiums due to reduced theft/tampering and Pilferage.
 - Flexibility of the mode since it can offer door to door services.
 - Can carry large quantities of goods at ago.
 - Less frequent handling using modern technology helps to reduce labour costs.

Naming 1mk
Qualification 1mk

2x5=10mks

- b. –If goods are highly perishable to avoid wastage.
- Where there is need to demonstrate the use of commodities which are technical in nature.
 - If the has his own retail outlet.
 - Incase his sales are by tender
 - Where the government policy requires that such goods be supplied direct to consumers.
 - Where competition is stiff /to counter stiff competition.
 - Where the market served is small and localized
 - Incase of service industry .where the service can only be offered by the producer

No splitting

2x5=10mks

- 4a. Availability of enough finance to run its day activities sustain the business to profitability
- Use of appropriate marketing strategies that have led to high sales volumes.
 - Ability to cope with and overcome competition e.g. proper pricing.
 - Reliance on modern technology reduces cost of production and hence fair prices for goods/services.
 - Good infrastructure such as road electricity which increased efficiency in production.
 - Proper business location making it accessible to most of the potential customers.
 - Favorable government policies e.g. fair taxation which reduces the cost of production.
 - Security /political stability give certainty of the days to come and peace of mind.
 - Selling appropriate products in the market which appeals most of the people in that area.
 - Employing appropriate/trained employees who do the work well since they are skilled in specific areas.

Naming 1mk

Qualification 1mk

2x5=10mks

- b. –Consumers needs tastes and preferences. The customers must be willing to spend money on the Product of choice.
- Availability of resources required for production e.g. raw materials.
 - Demand /size of the market. Invest in the product that has the highest demand for more/high level of profits.
 - level of competation.Provide goods/services that meet least competatition.
 - Profitability. Good /services that will yield maximum profits should be chosen.
 - Government policy. Goods /services that are favored /goods/services that are not illegal.
 - Cost of production must be the lowest.

- Availability technology should help to reduce the cost of production and maximize profits.
- Modern technology/improvement in technology may reduce the costs of production

Naming 1mk

Qualifications 1mk

2x5=10mks

- 5a. –she would be encouraged to save/develop a saving habit since payment is on check –off system.
- She would get a variety of loans based on her needs e.g. education ban, Emergency loan, development loan

- Receive dividends at the end of every year from the profits of the society's investments.
- She would be educated on co-operatives affairs and also investment opportunities available.
- Her loans and contributions would be insured which minimizes the risks of losses.
- She would earn interest from her savings if they get to a certain amount.
- she would get banking services if the SACCO operates front office banking facilities e.g. bankers' cheque; salary advance etc.
- Easy loan term conditions to members i.e. no need for a security /collateral to acquire a loan.
- in case she dies the loans are waived off and savings doubled

Naming 1mk

Qualification 1mk

2x5=10mks

5b.

Dr.			Capital A/C	Cr.		
June 8	Bal c/d	13000 ✓	June 2	Furniture	3,000 ✓	
				Cash	<u>10,000</u> ✓	
		13000			<u>13,000</u>	

Dr.			Cash A/C	Cr.		
June 2	Capital	10,000 ✓	June 3	Bank	7,000 ✓	
			8	drawings	100 ✓	
				Bal c/d	<u>2,900</u> ✓	
		<u>10,000</u>			<u>10,000</u>	
Bal b/d		2900				

Dr.			Furniture A/C		Cr
June 2	Capital	<u>3000</u>	Bal c/d		<u>3,000</u>
		<u>3000</u>			<u>3,000</u>
Bal c/d		3000			

Dr			Bank A/C		Cr
June 3	cash	7000	Bal	c/d	7800
7	sales	<u>800</u>			
		<u>7800</u>			<u>7800</u>
Bal b/d		7800			

Dr			Purchase A/C		Cr
June 6	Kamanda	<u>500</u>	Bal c/d		500
		<u>500</u>			<u>500</u>
Bal b/d		500			

Dr			Kamanda's A/C		Cr
	Bal c/d	<u>500</u>	June 6	purchases	<u>500</u>
		<u>500</u>			<u>500</u>

Dr	Sales A/C		Cr
	Bal c/d	<u>800</u>	June 7
		<u>800</u>	Bank
			<u>800</u>
			Bal b/d
			800

Dr	Drawings A/C		Cr
June 8	cash	<u>100</u>	June 8
		<u>100</u>	Bal c/d
			<u>100</u>
Bal b/d		100	

20 x ½ = 10mks.

6a) –Giving economic incentives such as lowering taxes so as to encourage establishment/growth of businesses (Accept examples of incentives as a qualification).

- Improvement of infrastructure such as roads and communication to facilitate movement of goods/labour in and out of the market/firms.
- Enforce laws/favourable legislation to guard against loss that may arise from thuggery and lawlessness.
- Provision of credit at favorable terms to enable access to capital cheaply and easily.
- Promote use of appropriate technology to enhance productivity and effective utilization of resources.
- Ensure security/political stability for a peaceful atmosphere which attracts more business investors.
- Deliberate trade promotional campaigns to facilitate marketing of final products.
- Creating a pool of qualified personnel/through various training institutions such as the public universities.
- passing favourable policies that support and encourage potential investors.

Naming 1mk

Qualification 1mk

2x5=10mks

6b.

Mwingi West Shop
Trading, Profit AND Loss Account
For the year ended 31st marh 2013.

Opening stock	181600	Sales	923400
Add: purchases	691850		
Add: carriage inwards	4200		
	696,050		
Less Return Outwards	6,400		
Net purchase	689650		
COGAFS	871250		
Gross profit c/d	52150		
	923400		923400
Carriage outward	15700	Gross profit b/d	52,150
Wages and salaries	102400	Net loss	111730
Rent and rates	30150		
Communication expenses	6240		
Commission payable	2160		
Insurance	4050		
Sundry expenses	3180		

Mwingi west shop
Balance sheet
As at 31st march 2013

<u>Assets</u>	<u>Capital & liabilities</u>
Fixed Assets	Capital 408,880
Buildings 200,000	Less: Net loss 111,730
Fixtures 28,500 228500	Less drawings 76,200
Current assets	220950

Debtors	143200 ✓	<u>Long term liabilities</u>	
Cash at Bank	29700 ✓	Loan from k.Ball	20,000 ✓
Cash in hand	<u>1150</u> ✓ 174050	2 years loan	80,000 ✓
		<u>Current liabilities</u>	
		Creditors	32640 ✓
		Outstanding expenses	48960 ✓
	<u>402550</u> ✓		<u>402550</u>

30 x 1/3=10mks