**MARKING SCHEME FORM 3 BUSINESS STUDIES**

**PAPER 2 END OF TERM 3**

1(a) Measures used to solve unemployment cases in Africa.

* Encouraging investment by Private sectors through offering subsidies to increase employment opportunities.
* Use policies that encourage use of labour intensive methods of production.
* Ensure political stability – attract foreign investment into the country.
* Delocalise firms to prevent / reduce urban unemployment brought about by rural-urban migration.
* Encourage use of family planning methods to reduce rapid population growth.
* Provide appropriate education and training methods that equips citizens with relevant skills and knowledge required by firms.
* Increases in Government expenditure to create job employment
* Encourage use of local resources to create employment (5 x 2 = 10mks)

(b) Functions of the stock-exchange market.

- It assists investors to buy shares by providing appropriate information to them.

- It assists shareholders who want to dispose of shares by giving them relevant information.

- It assists companies that need to raise money by floating shares to the public.

- It compiles business information that would be used by interested parties to make decisions on the investment.

- It vets the standard of performance of Company that intends to be quoted in the stock market.

- It sets the prices of shares for the general public investors.

- It list / delists companies that are viable / not viable.

- Generates revenue for the government through taxation.

- Creation of employment.

(5 x 2 = 10mks)

2(a) Circumstances under which the wholesalers can be eliminated from the chain of distribution of goods and services.

* Where goods produced are perishable and need to reach the consumers as quickly as possible e.g milk, meat etc.
* Where the goods produced are to be supplied within a small market e.g furniture products.
* Where the retailers are large scale e.g. super-market.
* Where the manufacturers takes over the role of distribution of goods to retailers because they are able.
* Where the number of retailers to be served directly are few and can be reached by the producer easily.

(5 x 2 = 10mks)

2(b) Classic furniture enterprises

Balance sheet C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg

As at 1st July 2012

sh sh



Fixed Assets Capital 426,000 C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg

Shs. Shs. Add Net profit 60,000 C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpgC:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg

Premises 250,000 C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpgC:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg Less drawing 40,000 C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg446, 000

Office furniture 150,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg 400,000

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Current assets Long term liabilities C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg

Bank loan 600,000

Furniture for sale 560,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg

Debtors 85,500C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg Short term liabilities C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg

Bank 130,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg Creditors 155,000 Prepaid insurance 20,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpgC:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg

Cash 5,500C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg 801,000

1,201,000 1,201,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg

**20 x ½ = 10mks**

3(a) Causes of decrease in supply.

* Increased cost of production.
* Poor (backward) technology in use.
* Unfavourable weather conditions.
* Diseases and pests in agriculture.
* Increased taxes on the inputs.
* Withdrawal of subsidies.
* Expectations of increase in the prices of the product in future.
* Restricted entry of new firms in the industry.

(5 x 2 = 10mks)

(3b) Characteristics of Economic resources.

* Scarce – means they are not enough to satisfy all human wants.
* Have Monetary value – their value is measured in terms of money.
* Unevenly distributed – i.e they cannot be found in all places or among all people in equal amount.
* Have Utility – they have the ability to satisfy human wants.
* Have alternative uses – i.e. they can be put to different uses.
* They can be combined – i.e. in different ratios to produce other goods and services.
* They are transferable from one place to another or from one party to another.
* Can change possession.

(5 x 2 = 10mks)

4(a) (i)  
 Baraka Traders

Trial Balance

as at 12th January 2011C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg

|  |  |  |
| --- | --- | --- |
| Details | Dr | Cr |
| Capital  Cash  Bank  Rent  Purchases  Computer  Sales  Postage  Salaries  Drawings | 18,500C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg  15,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg  2,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg  12,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg  10,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg  500C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg  2,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg  5,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg  65,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg | 50,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg  15,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg  65,000 |

(12 x 1 = 12mks)

4(b) Factors that have led to popularity of boda boda.

* Faster means of transport.
* Very flexible.
* Availability / accessibility.
* Easy / cheap to operate.
* Facilitates door to door services.
* Can be used where roads are not well developed.
* Cheaper to acquire and maintain.

(5 x 2 =10mks)

5(a) Challenges faced by KPLC are a monopoly.

* Exploitation of consumer through charging higher prices for the services.
* May cause artificial shortage / black outs.
* Incase of reduced production, some workers are unemployed.
* Compromised quality of service due to lack of competition.
* Overlooking undeveloped areas such as rural areas because they are less profitable.
* The firm becomes insensitive to the needs and grievances of consumers. (5 x 2 = 10mks)

(b) Benefits of indirect production.

- Encourages specialization in production.

- Improves skills since tasks are carried out repeatedly.

- Leads to better quality of goods and services.

- The rate and speed of production is increased.

- It leads to creativity invention and innovation in production.

- Promotes trade.

- It leads to surplus goods and services being provided.

- It promotes peace and friendship between people and countries through trade.

- Leads to provision of a wide variety of goods and services.

6(a) Factors to consider when choosing methods of product promotion.

* Efficiency of the method.
* Cost / affordability/ economical
* Nature of the product
* Target group / audience
* Competitors promotional methods
* Level of demand for the product
* Urgency of the information
* Availability of the medium

6(b) Uses of National income statistics.

* Showing the standard of living of the people.
* Shows the contribution of each sector in the economy.
* Used in measuring rate of economic growth of a country.
* Aids in development planning by indicating expenditure patterns e.g consumer expenditure.
* Used to indicate how income is distributed in the country.
* It shows the level of resource utilization i.e indicate how well resources are put into use.
* Assessing the performance of the economy overtime.
* Helps in investment decisions.
* Assisting the government to plan the economy.