**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 

As at 1st July 2012

 sh sh

 Fixed Assets Capital 426,000 

 Shs. Shs. Add Net profit 60,000 

 Premises 250,000   Less drawing 40,000 446, 000

 Office furniture 150,000 400,000

 

Current assets Long term liabilities 

 Bank loan 600,000

Furniture for sale 560,000

Debtors 85,500 Short term liabilities 

Bank 130,000 Creditors 155,000 Prepaid insurance 20,000 

Cash 5,500 801,000

 1,201,000 1,201,000

**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 2011

|  |  |  |
| --- | --- | --- |
| Details | Dr | Cr |
| CapitalCashBankRentPurchasesComputerSalesPostageSalariesDrawings | 18,500C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg15,000C:\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.jpg12,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg10,000C:\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.jpg65,000C:\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.jpg15,000C:\Documents and Settings\Administrator\Local Settings\Temporary Internet Files\Content.Word\CHEMISTRY 006.jpg65,000 |

 (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.