

KAPSABET HIGH SCHOOL

565/2 -

BUSINESS
STUDIES

- Paper 2

2hrs

MARKING SCHEME

Question	1	2	3	4	5	6
Total Marks						

1.(a). Explain five ways in which the internal environment may contribute to the success of a business

- ✓ A proper/good business structure-formal arrangement of functions/relationships of people directed towards achieving success in different goals
- ✓ Employment of qualified/skilled adequate personnel when the correct labour force is required
- ✓ Proper allocation/availability of financial resources/capital/finances are allocated to activities based on percentage contribution to the organization success.
- ✓ Positive business culture .productivity is enhanced when culture matches the expectations/beliefs/values of the staff.
- ✓ Innovativeness/inventors/creativity/research through continuous improvement on methods of production to increase the out put
- ✓ Good objectives/setting good objectives that are simple /measurable/achievable/specific
- ✓ Good management style-through planning/directing/organizing, coordinating, controlling activities of the business
- ✓ Motivated, supportive owners-arising from fair returns from capital invested (any 5×2)

(b).Limitations of the use of containers

- ✓ Specialized equipment which are expensive. The method calls for specialized equipment for handling goods which are lacking/expensive to buy/use/maintain
- ✓ Organization personnel skills needed for the method may be lacking /training may be expensive
- ✓ Volume of the business may not be large enough/warrant the heavy investment
- ✓ High initial capital needed for the system may not be easily available.
- ✓ Special harbor is required to anchor the special vessels
- ✓ The method requires updating of existing ports/reconstructing port which is quite expensive

2.(a) Five implications of ageing population in a country

- ✓ Low labour supply/shortage of labour/man power
- ✓ High dependency burden as majority are 65years and above

- ✓ Strain on economic resources to cater for the welfare of the aged eg health and homes
- ✓ Low standards of living /low per capita income since national income is spread over a large non-productive population.
- ✓ Rigidity to change
- ✓ Less progressive/low/savings and low investment

(b) Circumstances under which personal selling would be the most appropriate.

- ✓ When launching a new product: requires a lot awareness creation, persuasion and convincing
- ✓ When a product is tailored to meet customers specifications, due to varying tastes and preference of the consumers
- ✓ When demonstration is required: Technical goods whose operations needs to be demonstrated/explained
- ✓ When the value of the product is high: This is to avoid the risk of losing the item if the other methods are used.
- ✓ When the organization can afford to finance the sales force which is normally very high.
- ✓ Where the market is concentrated in one area in one area, this reduces the cost of accessing the market to a great extent.

3.(a).Describe FIVE accounting documents that are used in home trade.

- ✓ INVOICE –it is sent to a buyer by a seller demanding payments for goods supplied, shows details of goods supplied, it is a source document for sales/purchases journal/day book
- ✓ DEBIT NOTE-it is sent by a seller to a buyer to correct an undercharge, it is used when the invoice shows lesser amount than what is actually owed.it is a source document for general journal.
- ✓ CREDIT NOTE-a document sent by the seller to the buyer to correct an overcharge ,used when goods are returned to the seller ,it's a source document for sales/purchases journals
- ✓ RECEIPT-it is a document issued by the seller to the buyer when payment is made ,it is a source document for cash payment journal
- ✓ Consignment note-to support hire of carriage services ,shows transport charges
- ✓ Payment voucher-it is used to validate payment of goods and services, its a source document for petty cash book, where receipt is not available
- ✓ Statement of accounts.it is sent by a seller to a buyer showing details of transactions for a given period of time

NYAMINDI TRADERS

BALANCE SHEET

AS AT 30TH JUNE 2014

FIXED ASSETS		capital	245
100			
Equipment	15 000	<u>Long term liabilities</u>	
Furniture & fitting	<u>63500</u>	3 yr loan from kcb	
100000			
	213500	<u>current liabilities</u>	
CURRENT ASSETS		Bank overdraft	21000
Stock	80,000	creditors	<u>43000</u>
Debtors	90 000		
<u>64,000</u>			
Cash	<u>25,500</u>		
	<u>195,500</u>		
	<u>409,000</u>		<u>409,000</u>

4.(a) Characteristics of monopolist competition that makes it different from monopoly

- ✓ Many independent buyers and sellers. Therefore there is no major influence in terms of price and quantity of product
- ✓ Close substitutes: the products are close substitute, but differ by branding, names, shapes, colour and scent
- ✓ Free entry and exit: no barriers for new firms that wish to join or leave
- ✓ Wide knowledge of the market: buyers and sellers are all aware of the price/output and factor condition of the commodity
- ✓ Firms set their own prices :Firms set their own prices depending on the cost incurred and demand in the market
- ✓ No firm controls the factors of production. firms acquire factors of production at the prevailing market price/condition

(b) .Explain five factors that have hindered economic development in less developed countries.

- ✓ Cultural beliefs and attitudes. Some culture prevents people from adopting modern methods of doing things
- ✓ Low level of savings. Leading to low investment hence low productivity and low income
- ✓ Political instability:-discourages potential investors from investing
- ✓ Unequal/ disparity in income distribution:-much of the wealth is in the hands of few individuals while majority are poor
- ✓ High rates of unemployment: due to low levels of economic activities
- ✓ Overreliance/dependence on foreign aids: leading to political blackmail/vulnerability
- ✓ High levels of illiteracy leading to ignorance/limited exposure
- ✓ Poor plans/policies: due to inadequate data/being over ambitious
- ✓ Frequent diseases/epidemic/pandemic out break
- ✓ Balance of payment deficit/poor terms of trade: due to high value of imports/low value of export
- ✓ Poor/underdeveloped infrastructure, which hinders mobility/production

5. (a) Explain five importance of entrepreneurship in Kenya.

- ✓ Develop new ways of using local resources thereby saving foreign exchange which would be used to import such commodities.
- ✓ It increases participation of indigenous Kenyans in the economic activities of the country.
- ✓ It encourages savings and promotes investments by the local Kenyans. This lead to use of local resources leading to more effective use of capital.
- ✓ It becomes the training ground for business managers and other entrepreneurs. A pool of skilled workers forms the basis for future industrial expansion.
- ✓ It improves the standard of living for Kenya as many people will be employed.
- ✓ It creates employment as many people will be involved directly or indirectly in production activities.

BIDEN ENTERPRISES
3 COLUMN CASH BOOK
FOR THE MONTH OF MARCH 2016

DR
CR

DATE	DETAILS	F	DA	CASH	BANK	DATE	DETAILS	F	DR	CASH	BANK
2016 MARCH H 1 ST 3 RD 16 th 20 31	BAL	B/ D		40000		2016 MARCH H 1 ST 6 th 20 24 28 31 31	BAL	B/ D			10000
	Sales				36 000		Mitei		900		29,100
	Peter		8,00		72,000		Cash				60,000
	Bank		0	60000			Salaries	C ₁		21000	
	cash	C ₁			59,600		Njoroge		250		47500
							Bank		0	59,600	
							Balanced	C ₂		19,400	21,000
								c/d		100,000	167,600
			8000	100,000	167,600				3400		0

6(a) Differences between public limited company and public corporation

	PUBLIC LIMITED COMPANY		PUBLIC CORPORATION
1	Established under a company's act		Established under the act of parliament.
2	They are profit driven as they provide goods and services		They are service driven as they are formed to provide essential services that are in public interest.
3	Board of directors are elected by shareholders during the AGM.		Board of directors are appointed by the government
4	Financed by shareholders through the sale of shares to the public		Financed by the government.
5	Formed, owned and operated by shareholders		Formed, owned and operated by the Central government

(b) Explain various methods used by the Kenyan government to improve its exports. (10mks)

- ✓ Removing or reducing trade barriers which discourage exports trade.
- ✓ Offering custom drawbacks – refund manufacturers’ custom duty paid if they import raw materials. Manufacture and export the finished products rather than exporting raw materials that are cheap.
- ✓ Use export compensation schemes. Exporter is allowed to claim from the government a certain percentage of the value products export to enable exporter charge less hence increasing demand in the world market.
- ✓ Assisting exporter to get new markets for their products through commercial attaches.
- ✓ Joining trading blocks like COMESA in order to widen market
- ✓ Carrying out product promotional activities abroad on behalf of the exporter.