

LANET JOINT EVALUATION (LANJET 2022)

BUSINESS STUDIES

FORM 4

PAPER 2 MARKING SCHEME

MARKING SCHEME

1. a) Five causes of unemployment in Kenya.

- High population growth rate.
- Inappropriate education system.
- Inappropriate technology.
- Rural – urban migration.
- Lack of product market.
- Seasonality in production.

5 x 2 = total Marks

b) Circumstances that would influence a producer to use wholesalers in distributing his produce.

- If he needs to only specialize in production.
- If he lacks means to distribute his goods.
- If the market is quite large.
- If it is economical to use the wholesalers.
- If the wholesales are versed with the market and he is not. *5 x 2 = total 10 Marks*

2(a) Explain five factors that may promote entrepreneurship. (10marks)

- Availability of finances which supports the growth / expansion / operation of the business.
- Availability of security that ensures safety of business property.
- Availability of market / demand where people can sell goods/services to satisfy their needs.
- Good infrastructure / roads that facilitate movement of goods to the market.
- Political stability that creates a conducive environment for starting / running a business.
- Healthy / fair competition that the owner of the business can cope with / withstand.
- Favourable government policies / government support that may encourage starting / expansion of business venture.
- Presence of role models / successful business people that inspires the youths to go into business.
- Development of positive entrepreneurial culture through early exposure to business activities / that values individuals who are successful entrepreneurs.
- Relevant education / training in the curriculum which prepares the youths to become entrepreneurs.
- Good governance that ensures accountability / transparency in conduct of business activities.
- Availability of appropriate technology that can lead to production of desired quality /quantity of goods –
- Need for independence / self-reliance through earning of income

b). Explain five non-tax internal sources of revenue to the government. (10mks)

- Fees-Amounts received by the government after rendering direct services to its citizens e.g licensing businesses

-Fines and penalties- Imposed by judicial system (courts and tribunals) on individuals or the firms who break the law of the land

Incomes from government owned properties- These include land for which rates are charged and houses for which rent is charged.

-Profits and dividends from public corporations- When revenue is earned from these corporations the profits go to the government.

-Loan repayment- Recovery of principal amount and interest on loans lent out by government financial agencies e.g KIE

-Escheats- If a person dies without a proper will and has no legal heirs, the property of such a person revert to the government

-Income from sale of government property and ownership in companies (shares)

3a) Benefits that a country would get by encouraging investors to locate industries in rural areas.

- Reduced rural – urban migration.
- Improved infrastructure in rural areas.
- Balanced development in the country.
- Better living standards in rural areas.
- Utilization of rural resources in such areas.
- Lesser population in urban areas.

5 x 2 = 10 Marks

b) Two column cash-book

DR					MUSA TRADERS					CR				
Date	Details	Folio	Cash	Bank	Date	Details	Folio	Cash	Bank					
2010			Sh.	Sh.	2010			Sh.	Sh.					
May 1	Bal b/d√1		15,000	160,450	May 2	Purchases√½			5,400					
8	Debtor√½		7,200		15	Creditor√½			18,300					
18	Sales√½			9,200	16	Salaries√½		4,200						
20	Bank√½	C	30,000		20	Cash√½	C		30,000					
25	Debtor√½		8,000		28	Gen.exp.√½		4,000						
29	Cash√½	C		10,000	29	Bank√½		10,000						
					30	Electricity√½	C		2,500					
					31	Bal c/d√1								
			60,200	179,650√1				42,000	123,450					
			42,000	123,450√1				60,200	179,650					

Total 10 Marks

4a). Explain five differences between private limited companies and public limited companies.

Private Ltd Co.	Public Ltd Co.
i) Formed by a minimum of 2 and a maximum of 50 shareholders	i) Formed by a minimum of 7 shareholders with no set maximum
ii) Restricts transfer of shares	ii) Shares are freely transferable
iii) Do not invite subscription for shares and debentures from members of public	iii) Invites subscription for shares and debentures from members of public
iv) Can be managed by one director	iv) Managed by board of directors

v) Start business after receiving certificate of registration/ incorporation	v) Start business after receiving certificate of trading
Vi) Audited financial statements need not be published and filed with the registered of companies	vi) Audited financial statements must be published and filed with register of companies

b) Factors that could affect the quantity of cabbages supplied in a Market.

- Price of cabbages in the market.
- Nature of road / transport network.
- Seasonal factors / climate.
- Production ways embraced.
- Future expectations of change in price.
- Government policies e.g. quota, price control etc.

5 x2 = total 10 Marks

5a) Factors to consider when choosing one appropriate means of transport

- Nature of goods.
- Cost of transport.
- Value of goods.
- Distance to be covered.
- Terminals.
- Flexibility.
- Reliability.
- Availability.

Any 5 well explained x 2 = total 10 Marks

i). Trading profit and loss account for the period ended 31st December, 2005. (6mks)

**Mwangi Traders
Trading Profit and Loss Account
For the period ended 31/12/2005**

Dr			Cr	
	Sh	Sh		Sh
Opening Stock		12500	Sales	95,000
Add Purchases	7000		Less Returns Inwards	1,500
Less Returns Outwards	2400	67600	Net sales	93,500
Cogas	80,100			
Less Closing Stock	6,500			
Cost of Sales	73,600			
Gpc/d	19,900			
	93,500			<u>93,500</u>
General Expenses	5,200		G.P b/d	19,900
Carriage outwards	4,000			
Salaries	14,000			
Outstanding salaries	<u>2,800</u>		Net Loss c/d	<u>6,100</u>
	<u>26,000</u>			<u>26,000</u>
Net loss b/d	6,100			

ii). Balance sheet as at 31st December, 2005.

(4mks)

**Mwangi Traders
Balance Sheet
As At 31/12/2005**

Fixed Assets	82,000	Capital	88,800
Current Assets		Less net loss	6,100
Stock	6,500		82,700
Debtors	10,500	Current Liabilities	
Cash in hand	2,500	Creditors	8,500
	19,500	Bank Overdraft	9,500
		Outstanding Salaries	2,800
			18,800
	101,500		101,500

6(a). Explain five roles of commercial banks in the development of a country's economy.

- Promotes savings- savings provide funds which can be changed into useful development projects.
- Source of capital- Commercial banks give loans to firms and individuals that are used in financing various business projects.
- Stimulating economic activities- Commercial banks may do this by giving business advices to its clients and also by lending to them.
- Provision of employment- Commercial banks provide employment opportunities to individuals who work in various departments of the bank hence earn income.
- Act as guarantors and referees- Banks acts as guarantors on behalf of their clients who wish to engage in credit transactions or secure loans from other financial institutions
- Effect foreign exchange payment- Commercial banks provide foreign exchange and the means through which traders who engage in international trade may effect payments.

6 (b) Explain five challenges that may be experienced by a country whose population is made up of large proportion of young people.

- (a) Increase in crime-idleness may result to illegal means as they look for means of survival
- Dependency ratio will rise- economically active population will shoulder bigger economic burden
 - Reduced investment /savings-reduced –investment will decline as a result of low level of unemployment/ high dependency ratio
 - low per capita income-since national income is spread through a large non-contributing population the living standards will be low
 - Low labour supply-many young people may not attain the working age hence low production of goods
 - Increased unemployment –jobs don't match the demand-