

NAME.....STREAM.....ADM.NO.....

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2 ½ HOURS

Term 1, APRIL 2023

marking scheme

MARANDA HIGH SCHOOL

Kenya Certificate of Secondary Education

PRE MOCK EXAMS 2023

INSTRUCTIONS TO THE CANDIDATES

- a) Answer ALL FIVE questions
- b) All questions carry equal marks
- c) All working must be shown

No.	Student score
Total	

1(a). Explain five importance of transport to business (10mks).

Linking consumers to producers-which enables the consumers to obtain the goods they need.

Employment creation-transport help in solving unemployment problems by providing job opportunities to drivers.

Promotes specialisation-by producers concentrating on production while other people carry out distribution

Making goods and services more useful- where goods are moved from where they are least required to place where are more required

Improving people's living standards by enabling consumers to get a variety of goods and services to choose from

Availing a wide market for products-by enabling producers access far markets they could not have accessed without transport.

Increased production due to widen markets

Promoting development of industries-through transportation of raw material on time to the factory

Avoiding wastage-by disposing the surplus by taking them to the areas they are required

(b). Explain five ways through which commercial banks facilitate transfer of money in kenya (10mks).

Credit transfer- is a method of paying many people using one cheque

Standing order-is an instruction to the bank by its customer to be paying a certain amount of money to a named person or institution after a given interval until a specified date or until otherwise instructed

Telegraphic money transfer-method of remitting money by commercial bank where the sender fills telegraphic form

Electronic money transfer-is a method of transferring money from one account to another where computers are used.

Cheque-is written order by the drawer to a bank to pay on demand a specified amount of money to the person named as the payee or the bearer

2(a). Explain five trends in office management (10mks).

Use of computers in printing, communication for example internet.

Adopting of either open or landscape office to ensure that customers are satisfactory served.

Public relations department to educate customers on the use of organization's products.

Use of mobile phones that enables officers to carry out their official duties even when they are away from work stations

Location of offices in suburban areas to reduce on administrations cost, have enough parking space, to avoid traffic jams.

Use biometric clocking systems for monitoring attendance of employees

Use of identification cards for identification of office staff

Working from home to prevent the spread of corona virus

Use of CCTV'S to enhance on performance of activities/ security

(b). Explain five measures Kenyan government can put in place to control unemployment (10mks).

Encouraging employment in private sector for people to be self-employed.

Adopting policies that encourage the use labour intensive method of production as opposed to capital intensive in order to absorb surplus labourforce.

Adopting a relevant education system that emphasize the skills required in the labour market to avoid unemployment caused by mismatch of skills acquired and skills required on job market

Diversification of economic activities to ensure people are employed throughout the year

Increased government expenditure on projects that create more jobs to the youth

Rural development- by locating firms in rural areas to provide job opportunities to control urban unemployment

Encouraging direct foreign investment especially those using labour intensive method will have the effect of increasing more jobs

Encouraging the use of local resources –employment will be created for those who are involved in their provision.

Population control will control the number of people entering the labour market.

3(a). Other than price mechanism, explain five other methods of determining the price of a product (10mks).

Price control where the government fixes the highest price beyond which a commodity should not be sold.

Taxation where an increase in tax on a commodity increases/determine the level of the price of a commodity

Subsidies reduces the cost of producing a commodity hence lead to a lower price level

Haggling/bargaining –this is where the price is arrived at through negotiation

Auction-this is where the price of a commodity is set through bidding

Tendering – this is where the buyers are invited to quoted prices independently the one who quotes based on terms and conditions is the one who determine the price

Farmer fix price –this where the producers decides on price based on cost and demand of the commodity

(b). Explain procedure involved in making an insurance claim (10mks).

(i). *Notifying the insurer.* The insured informs the insurer immediately the risk occurs

(ii). *Filling the claim form-* by giving details relating to the occurrence of the risks.

(iii). *Investigating the claim* – the insurer launches an investigation to ascertain whether the loss is as result of insured risk.

(iv). *Preparation of assessment report-* the assessors prepare a report concerning the extent of the loss.

(v). *payment of the claim* – the insurance company compensate the insured by either repairing the property/ giving out cash/ replacing the damaged property with new one.

4(a). Explain five disadvantages of mail order stores (10mks).

- High cost of advertising increases the price of the goods
- Inspection of goods may not be possible because the buyer and the seller are far apart
- The variety of the goods that can be sold is limited since durable goods only are handled
- Personal contacts between the buyer and the seller is not possible because all the dealings are through post office
- The methods is mainly suitable to those who can read and write

Problems arising in the post office may affect the business for example strikes

(b). Prepare a three column cash book from the following information (10mks).

Jan 2020 1: Juma started business with sh.80, 000 cash and sh.200, 000 at bank.

3: Bought furniture by cheque shs. 20,000

5: bought goods by cheque sh. 70,000

8: Received cash from chemai sh.19, 000 having allowed him a cash

Discount of sh. 1,000.

9: paid Muthoni sh. 30,000 by cheque less 10% cash discount.

12: cash sales of sh. 14,000.

16: received a cheque of sh. 27,500 from Ngondi in full settlement of his Account of sh 30,000.

20: Received a cheque of 12,600 from Maranga after allowing a cash Discount of 10%.

25: Took cash to the bank sh.32, 000

28: paid salaries sh. 10,000 in cash.

31: Took 5,000 from bank to pay the son hospital bill.

DR

3 column cash book

Cr

date	details	lf	Dis.all	cash	bank	date	details	lf	Dis.	cash	bank
2020						2020					
Jan 1	Capital			80,000	200000	Jan 3	Furniture				20000
8	Chemai		1,000	19,000		5	Purchase				70000
12	Sales			14,000		9	Muthoni		3000		27000
16	Ngondi		2500		27500	25	Bank			32000	
20	Maranga		1400		12600	28	Salaries			10000	
25	cash				32000	31	Drawings				5000
						31	Bal c/d			71000	15010
			4900	11300	272100				3000	11300	27210

5(a). Explain five benefits of consumer protection

(10mks).

- To ensure that commodities are of good quality, since traders can sell counterfeit products to consumers.
- To ensure that commodities offered for sale are of right quantity and sizes because traders can sell underweight goods to consumers
- To ensure that health standards are maintained because traders may offer products at poorly ventilated premises/unhygienic places
- To ensure that buildings construction and safety standards are maintained because traders can sell their products in unsafe structures.
- To ensure that fair prices are charged for the commodities. Since business people can overcharge consumers

- To protect from false advertising because traders may persuade consumers to buy product they do not require/ taking advantage of ignorance of consumers
- To ensure that consumers are protected from the sale of harmful commodities which could adversely affect their health/ selling expired products to consumers
- To protect the consumers against breach of contract. Because traders might fail to honour contracts entered into with consumers as regards the sale of commodities.

(b). the following trial balance relates to Chui traders as at 31 December, 2014.

Chui traders

Trial balance

As at 31 December 2014

particulars	Dr (shs).	Cr (shs).
stock	10,000	
bank	3,500	
purchases	15,000	
sales		28,000
returns	8,00	1,100
rent		580
insurance	950	
creditor		450
Carriage in	1,200	
discounts	300	1,620
total	31,750	31,750

Additional information

(ii). Carriage out was shs. 1,200.

Prepare trading, profit and loss account

(10mks).

Chui traders

Trading profit and loss account

For the period ended 31 Dec 2014

DR

Cr

	Shs.	Shs.	Sales	28,000
Opening stock		10,000	Less returns inward	8,00
Purchases	15,000			
Carriage inwards	1,200			
Less returns out	1,100	15,100		
Goods available for sale		25100		
Less closing stock		2500		
Cost of sales		22,600		
Gross profit c/d		4,600		
		27200		27200
Expenses		shs.	Gross profit b/d	4,600
Insurance		950	Rent received	580
Dis allowed		300	Dis received	1620
Carriage out		1,200		
Net profit		4350		
		6,800		6,800

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