**BUSINESS STUDIES PAPER 1 MARKING SCHEME**

1. – political instability

* Unfavorable demo graphic factors
* Unfavorable economic environment
* Use of poor technology
* Unfavorable legal political environment
* Unfavorable social cultural factors
* Stiff market competition
* Unfavorable physical environment

1. – Confidentiality

* Accuracy
* Completeness of message
* Future reference
* Reliability of the means
* Economy
* Accessibility
* Acceptability

1. – Exploitation of customers

* Limiting entry of other firms
* Restriction of customer choice
* Absence of competition – leads to inefficiency
* Increase in price of products

1. – Sales journal / debtors journal

* Purchase journal / creditors journal
* Sales returns journal / return inwards journal
* Purchase returns journal / return outwards journal

1. – Measure of country’s economic performance

* Setting price of securities
* Safeguard investors interest
* Raise govt revenue
* Creation of employment
* Provide useful info. To investors
* Facilitate buying shares
* Facilitate selling shares.

1. – Private

* Public
* Bonded
* Wholesalers
* Specialised
* Producers
* Free.

1. – Due to diff. prices of goods.

* Limited resources / income
* Diff. tastes / preference of customers.
* Unlimited needs of customers.
* Govt. policy eg restriction or total ban

1. – 115 000

* 73 600
* 138 600
* 335 620

1. – Used as a medium of exchange

* Unit of account
* Measure of value
* Store of value
* Standard of deffered payment
* Transfer of immovable asses.

1. – Form

* Possesive
* Time
* Place

1. – Time

* Voyage
* Composite
* Fleet

price

D

30



25

20

15

10

D

5

5 10 15 20 Qty

1. (I) Gross profit

= ROST

COGS = 540 000

G.P = X 540 000

G.P = 108 000

(ii) sales = COGS + GP

= 540 000 + 108 000

= 648 000

1. – No discrimination of employees in promotions, recruitment, training, remuneration and

assigning duties.

* Healthy competition
* Protecting environment when carrying out business activities
* Protect customers against exploitation
* Comply with govt policies
* Avoid discrimination of customers

1. – To control illegal businesses in a country

* To control types of goods entering and leaving the country.
* To raise govt revenue
* To regulate number of businesses in a country.
* To ensure those engaging in professional activities meet requirement of their professions.
* To ensure that traders engage only in licenced businesses.

Jakayo’s Trades

Balance sheet

As tst 1st July 2010

|  |  |
| --- | --- |
| Furniture 20 000  Stock 8 000  Cash bank 12 000  40 000 | Capital 23 000  Long term loan 10 000  Creditors 7 000  40 000 |

8 @ ½ = 4 mks

1. – If the business is conducted thro’ post office eg mail order

* If customer is new to the business
* If credit worthiness is in doubt
* If it is the business policy
* If the goods involved are produced to the customer specifications
* If seller requires cash urgently
* If seller needs to avoid the bother and expenses of debt collection.
* If seller intends to minimize keeping records relating to debts.

1. – Where market is spread out.

* Poor infrastrustructure making it difficult to distribute goods.
* Where products require ready finance which can be provided by intermediaries.
* Management problems ie manufacturer is unable to manage distribution outlets.
* Where nature of goods requires middlemen to carry out certain services.
* Where government policy dictates
* Where producer waits to distribute risks.

1. – Selling securities in the open market.

* Raising bank rates
* Raising cash / liquidity ration
* Raising margin requirements
* Instituting selective crdit control
* Issue contraction directives.

1. – Assess to market

* Access to security
* Social amenities available.
* Access to raw materials
* Interdependence of firms
* Enjoy existing infrasture
* Availability of auxiliary services.

1. – If good are tailor made to customer specifications.

* If introducing new product in the market.
* If products require installation.
* If products are technical – require demonstration.
* If goods are of high value
* If market is concentrated.

1. – Avail better health care.

* Food security
* Minimizing internal conflicts and wars
* Improving environmental sanitation
* Sensitization on public and personal hygiene
* Disaster preparedness e.g. floods, droughts etc
* Apply measures to reduce road accidents
* Control drugs and alcohol.

1. – Easy access of information

* Reduction of labour costs
* Less storage facilities
* Easy updating
* Less paper work
* Environmental friendly
* Use of network
* Safe since there’s use of password
* Presentable outlook
* Highly portable

1. – Specialised equipments which are expensive

* The volume off outputs may opt be large enough to warrant the leaving investments
* Skills needed for the method may be lacking or expensive.
* Initial capital needed is high
* The method requires re degrading of existing ports construction which is expensive.
* General resistance to change by stakeholders.

1. – Natural resource endowment

* Capital
* Human resources / labour
* Technological advancement
* Availability of foreign investment
* Political stability security
* Infrastructural devpt.
* Availability of entrepreneurship.