**GOLDEN ELITE EXAMINTIONS 2020**

**565 / 2**

**BUSINESS STUDIES**

**PAPER 2**

**MARKING SCHEME**

1. **a) Five causes of unemployment in Kenya.** 
   1. High population growth rate.
   2. Inappropriate education system.
   3. Inappropriate technology.
   4. Rural – urban migration.
   5. Lack of product market.
   6. Seasonality in production. ***5 x 2 = total Marks***

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

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

1. **a) Ways in which the insurance industry contributes to the development of Kenya’seconomy**
   1. Creates employment.
   2. Earns government revenue through taxation.
   3. Facilitates savings by people.
   4. Encourages investors since they are assured of compensation.
   5. Allows continuity of business. ***5 x 2 = total 10 Marks***

**b) Demerits of government involvement in the running public corporations.**

* 1. Government bears loss made by the corporations.
  2. Inefficiency – lack of competition leads to corporation inefficiency.
  3. Political pressure – there is political interference in decision making.
  4. Decision making takes long.
  5. Foreign investors may shy off.
  6. Where there is a state monopoly the consumer choice is limited. ***5 x 2 = total 10 Marks***

1. **a) Factors that may be considered in determining the appropriate channel fordistributinggoods.**
   1. Nature of goods.
   2. Size of the Market.
   3. Cost involved.
   4. Availability of intermediaries.
   5. Competition.
   6. Government policy.
   7. Scale of production. ***5 x 2 = total 10 Marks***

**b) Reasons why business organizations may merge with one another.**

* 1. Do away with unnecessary competition.
  2. Diversify production.
  3. Make quality products.
  4. Enhance their bargaining power in the market.
  5. Enjoy economies of scale. ***5 x 2 total 10 Marks***

1. **a) Benefits that a country would get by encouraging investors to locate industries inrural areas.**
   1. Reduced rural – urban migration.
   2. Improved infrastructure in rural areas.
   3. Balanced development in the country.
   4. Better living standards in rural areas.
   5. Utilization of rural resources in such areas.
   6. 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  May 1  8  18  20  25  29 | Bal b/d**√1**  Debtor**√½**  Sales**√½**  Bank**√½**  Debtor**√½**  Cash**√½** | C  C | Sh.  15,000  7,200  30,000  8,000  60,200  42,000 | Sh.  160,450  9,200  10,000  179,650**√1**  123,450**√1** | 2010  May 2  15  16  20  28  29  30  31 | Purchases**√½**  Creditor**√½**  Salaries**√½**  Cash**√½**  Gen.exp.**√½**  Bank**√½**  Electricity**√½**  Bal c/d**√1** | C  C | Sh.  4,200  4,000  10,000  42,000  60,200 | Sh.  5,400  18,300  30,000  2,500  123,450  179,650 |

***Total 10 Marks***

1. **a) Ways which traders can apply to attract more customers.** 
   1. Lowering their prices.
   2. Making high quality goods.
   3. Advertising their products.
   4. Offering after sale services.
   5. Offering free gifts.
   6. Discounts. ***5 x 2 = Total 10 Marks***

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

* 1. Price of cabbages in the market.
  2. Nature of road / transport network.
  3. Seasonal factors / climate.
  4. Production ways embraced.
  5. Future expectations of change in price.
  6. Government policies e.g. quota, price control etc. ***5 x2 = total 10 Marks***

1. **a) Factors to consider when choosing one appropriate means of transport**
   1. Nature of goods.
   2. Cost of transport.
   3. Value of goods.
   4. Distance to be covered.
   5. Terminals.
   6. Flexibility.
   7. Reliability.
   8. Availability. ***Any 5 well explained x 2 = total 10 Marks***

**b) Bidii traders’ balance sheet for the year ended 31st December 2010.**

**BIDII TRADERS**

**TRIAL BALANCE**(√1mark)

**AS AT 31ST DECEMBER 2010**

|  |  |  |
| --- | --- | --- |
|  | DR.**√ ½** | CR. |
| Capital  Land  Plant and Machinery  Vehicle  10 years loan  3 years bank loan  Stock  Debtors  Creditors  Accrued expenses  Bank  Cash  drawings | 500,000.**√ ½**  200,000.**√ ½**  300,000.**√ ½**  100,000.**√ ½**  60,000.**√ ½**  100,000.**√ ½**  20,000.**√ ½**  40,000.**√ ½**  1,320,000.**√ 1** | 940,000.**√ ½**  200,000.**√ ½**  100,000  60,000.**√ ½**  20,000.**√ ½**  1,320,000.**√ 1** |

***Total 10 Marks***