**BUSINESS STUDIES**

**MARKING SCHEME**

**PAPER 1 2016**

1. Economic factors

* Level if income
* Levels of prices
* Level of savings
* Debt patterns
* Loan repayment
* Credit availability

2. Emotional Qualities

* Tolerance
* Adaptable
* Humility
* Temperance
* prudence
* Diligence

3. Ways of government’s regulation

* Licensing
* Formulation of policies
* Fixing quotas
* Giving of directives
* Enacting laws
* Imposing total ban
* Establishing regulatory/law enforcing bodies

4. Problems of a maize farmer without storage facilities.

* Goods get damaged
* Maize can be stolen
* Has to sell at prevailing price
* No continuous supply
* Goods available only in season
* Difficult to prepare maize for sale

5. Consequences of shift

* New demand curve in the market
* New quantity demand at same price
* New equilibrium quantity
* Shift upwards may cause shortage
* Shift downwards may cause surplus

6. Factors influencing National Income

* Natural resources endowment
* Availability of capital
* Quantity of human resource
* Quality of human resource
* Technology
* Political situation
* social – cultures attitudes

7. Types of ledgers

* Cash book
* Personal
* Nominal
* Private
* General

8. Sources of income to a governments

* Tax
* Fees
* Fines/penalties
* Sale of government property
* Interest on loans
* Profit from Government owned properties

9. Characteristics of basic human wants

* Cannot do without them
* Felt needs
* Cannot be postponed
* Urgent
* Universal

10. Definition of terms

 i) Capital goods = Used for production of other goods and services

 ii) Non-economic goods = Utilized but no payment is made for their use

 iii) Public goods = assets belonging to the government.

 iv) Durable goods = have a long life span.

11. Ways through which business opportunities arise.

* Carrying out market research
* Change in consumer patterns
* Change in technology
* Market gap
* Change in government policy
* Occurrence of calamities

12. Advantages of an open air market to consumers.

* Deal with a wide variety of goods
* Markets set up based on products one is selling i.e. cloths ./
* Have market days
* Negotiable prices
* Some allow barter trade
* Cost caters for diverse consumers.

13. Benefits of being a member of stock exchange market.

* Advice on management
* Sell shares
* Performance barometer
* Good management – monitored
* Included in journals published by the market
* Facilitates raising of more funds

14. Causes of Government control of transport Industry.

* Loss of lives
* Destruction of property
* Insanity of drivers
* Terrorism
* Robbery/theft
* For comfort of travelers
* Damage on roods

15. Problems of advertising to the society

* Use of bad language
* Cheating on products
* Rise in price
* Immoral adverts/affect morals
* Imitations

16. Terms:

 i) Insured

 ii) Insurer

 iii) Risk

 iv) Surrender value

17. Adverse effects of firm’s production firms activities

* Depletion of resources
* Degradation of environment
* Pollution
* Disposal of solid/plastic waste
* Cause crime
* Cause health diseases
* Psychological diseases – stress

18. price

 D

 Quantity

19.

Retailer

Agent

Own outlet

Wholesaler

20. Effect on balance sheet totals

 i) Increase

 ii) No effect

 iii) Increase

 iv) Decrease

21. i) Margin = GP x 100

 **✓** Sales **✓**

GP = 400,000 – (240,000-70,000)

 = 230,000**✓**

Margin = 230,000 x 100

 400,000

 = 57.5%**✓ (4 x ½ = 2 marks)**

ii) Capital employed =Fixed Assets +working capital

 **✓**

=900,000+ (C.A –C.L) **✓**

=900,000 + (250,000+700,000-80000)

=900,000 + 240,000**✓**

=SHS.1,140,000**✓ (4 x ½ = 2 marks)**

22. Benefits of using ATMs

* No need to carry cash
* Can plan on spending
* For emergencies
* Has wide network
* Encourages savings

23. Methods used by the government to restrict trade.

* Tariffs
* Quotas
* Totals bam
* Complicated import procedures
* Legislation
* Setting of standards

24. Problems of poor communication techniques

* Builds a poor image
* Lack of harmony/understanding
* Lack of awareness
* Lacks clarity of Issues
* Uncoordinated of activities
* Poor decision making

25. Benefits of a business to society

* Creates employment
* Supply of goods
* Advice
* Credit facilities
* Attracts infrastructure