565/1MS

BUSINESS STUDIES

PAPER 1

TERM 1 2014

MWAKICAN JOINT EXAM TEAM (MJET)

BUSINESS STUDIES

PAPER I

MARKING SCHEME

(CONFIDENTIAL)

External

Internal

External

External 4x 1 =4mks

1. (i) They are a source of energy.

(ii) They provide raw materials for industry.

(iii) Create employment when being exploited

(iv) Bring foreign exchange to the country when being exploited.

(v) Provide settlement for both men and animals.

(vi) Provide food. (Any 4 x 1=4mks)

1. (i) Does not allow specialization.

(ii) Promotes individualism

(iii) Does not encourage invention and innovation since it does not make use of modern

 technology.

(Iv) One waste a lot of time moving from one activity to another.

(v) Does not provide surplus for selling in the market.

(vi) Goods produced are of low quality.

(vii) limited variety of goods and services. Any 4 x 1 =4mks

1. –Expensive to construct.

-High maintenance cost.

-A lot of space is wasted by partitioning.

-Less flexible in terms of redesigning and re-organizing the layout/difficult to rearrange.

-Wastage of time by workers when moving from one office to another.

-Underutilization of equipment since there is no sharing/misuse of office equipment.

-Supervision becomes difficult.

-Promotes laxity among workers.

-Corrupt practices can easily take place in such offices.

-May encourage immorality in such offices.

 Any 4 x 1 =4mks.

 Pg 2

5. (I) Public ltd co.

 (ii) Co-operative society

 (iii) Co-operative society

 (iv) Co-operative society

 (v) Public ltd co.

 (vi) Co-operative society

 (vii) Co-operative society

 (viii) Public ltd co. ½x 8 =4mks.

1. –Not suitable for passing confidential messages.

-Cannot be used for future reference.

-Expensive over long distances for landlines.

-Expensive when the conversation is long.

-Lack of clarity especially when the sender does not have enough airtime.

-Gives no room for details.

1. **Joint Demand** –Arises when 2 or more products are demanded at the same time because they are used together. e.g petro and car, pen and ink,

**Derived Demand**- Arises as a direct result of increase in demand for another commodity. e.g Demand for hen as a result of increased dd for eggs.

**Excess Demand** –Quantities dd by customers over and above the Quantities supplied in the market.

**Excess Supply**-Quantities SS over and above quantities the customers are willing and able to buy.

1. -Difficult to store perishable goods.

-Lack of double coincidence of wants.

-Difficult to transport goods around looking for buyers.

-Lack of standard measure of value.

-Difficult to divide some commodities into small units without loss of value.

 Any 4x 1=4mks

 Pg 3

1. Injection

Injection

Withdrawal

Withdrawal

1. –Have a wide capital base

-Cover a wide market.

-Enjoy economies of scale since they buy stock in large scale and get favourable discounts.

-Can move stock from where demand is low to where it is high 4 x 1 =4mks.

1. –consumer is assured of steady supply of goods.

-Assumed of quality goods.

-Assumed of stable prices.

-Able to get goods in convenient quantities.

-Able to get a variety of goods.

-Choice is made easy since the consumer can choose the right goods when they are branded, blended etc. Any 4x1=4mks

1. M sh. 52,455

N sh.12, 221

O sh.7,786,962

P 6,669 4x1=4mks

1. Provide security

-Political stability

-Favourable legislation

-Provide basic infrastructure

-Providing accessible credit finance.

-Giving subsidies

-Trade promotion campaigns

-Development of social amenities.

-Facilitate the use of appropriate technology

-Preservation &conservation of natural resources & environment.

-Simplifying procedures in starting &running business.

-Ensure good governance. (Any 4x1=4mks.

 Pg 4

1. i. increase

ii. Decrease

iii. no effect

iv. no effect

1. –Transport goods to buyers premises.

-Installation of the equipment.

-Technical advice on how to handle the equipment.

-Provision of spare parts.

-Periodic servicing/greasing/cleaning

-Giving guarantees and warranties. (Any 4x1=4mks

1. –Underutilization of a country’s resources.

-Imbalance in population distribution.

-Security of the country may be jeopardized.

-low demand for goods & services.

-low standards of living due to under exploitation of resources.

-limited specialization leading to low quality goods. (Any 4x 1=4mks.

1. W sh.40,000

X sh.80, 000

Y sh.54, 000

Z sh.170, 000

1. –Control of a strategic major factor of production.

-Legal protection through patent & copy rights.

-Merging & Amalgamation of firms.

-Firm has secretive production method/technique.

-Firms enjoy substantial/greater economies of scale.

-State set up monopoly to shut our wasteful competition

-Market is best served by one firm. Any 4 x 1= 4mks.

1. -Premiums are paid for a specified period rather than until death for whole life policy.

-Surrender value is higher for endowment policy than whole life policy.

-The assured benefits from the fund in endowment while in whole life the assured does not benefit personally.

-Endowment policy can act as a security for a loan while the whole life policy cannot

-Endowment policy is a saving plan for future investment. (Any 4 x 1=4mks.

 Pg 5

1. (i) purchases returns

(ii) Cash Payment

(iii) Sales Journal

(iv) General Journal

1. a) GP=Margin x sales

 =0.25 x 480000

 =120,000 (Imk)

(b) Cost of Sales = sales – Gross Profit

 480,000 – 120000=360000 (1mk)

(iii) Net Purechase =Cost of sales – opening stock + closing stock.

 =360,000-60,000+ 36000=sh.336,000 (1mk)

(iv) Rate of Stock Turnover=Cost of sales

 Av.stock.

 Av.stock = opening stock + closing stock

 2

 =60,000 + 36000 =48 000

 2

 ROSTO = 360 000 (1mk)

 48 000

 =7.5 times 1 x 4 =4mks

1. –Interest earned is high.

-Minimises chances of mis-using money.

-Can be used as a collateral for loan.

-It is an investment for money with no immediate use. 4x 1 =4mks.

1. Drawings =Opening capital –closing capital + Additional investment + profits.

 250,000 – 406000 + 68000 + 180000 = sh.640,000

 Pg 6

1. Better infrastructure in town B

Better security in town B

To get larger space for expansion

To be near auxiliary services

To comply with government policy

To be near source of raw materials.

Better market in town B Any 4 x 1 =4mks.

1. Income tax

Corporation tax

Capital gain tax

Estate/ Death duty

Capital transfer tax Any 4 X 1=4MKS.

 Pg 7