**NAME………………………………………………………. INDEX NO………………………**

**SCHOOL…………………………………………………ADM NO……………………………**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**Time: 2hours 30minutes**

**MOKASA II EXAMINATION**

**BUSINESS STUDIES**

**PAPER 2 2022**

**MARKING SCHEME**

Instructions

1. Write your name, index number, school and signature in the spaces given above.
2. Sign and write the date of the examination in the spaces provided above
3. Answer any five questions.
4. All answers should be written in the space provided below each question.
5. Candidates should check the question paper to ascertain that all the questions are printed.
6. All questions should be answered in English

1. a. Describe five office etiquette qualities that an office worker should have. (10 marks)

* **Respect**- This involves showing regard to other people according to their rank in the organization, age and social status
* **Punctuality** -This refers to the ability to keep time in a attending duties and appointments
* **Courtesy**- This involves handling people politely, pleasantly and with consideration
* **Loyalty**- This refers to the commitment an employee has to the organization he/she works for
* **Honesty**- This is the ability to tell the truth and being sincere
* **Co-operation**- This refers to the ability of workers to work comfortably as a team without malice, bias, hatred or selfishness
* **Diplomacy**- This is the ability to convince others tactfully
* **Judgement**- This is the ability to make a ruling or a decision after considering all possibilities or likely outcomes
* **Accuracy**- This involves performing duties with excellence, precision and correctness
* **Initiative**- This is the ability to create and implement ideas

b. Explain **five** reasons why a country needs to prepare a development plan. (10 marks)

* Appropriate resource allocation, where resources are allocated according to the need of the objective and in a most productive way
* Stimulation of effort of people in the desired direction. The plan outlines including the possible outcomes which persuade people to move to that direction
* Support foreign aid bargain. Since it shows including the objective that the country seeks to achieve, it is capable of convincing the donor to finance it in the country
* Project evaluation, by assisting on checking whether the predetermined targets or objectives are being achieved
* Long term decision making, as it will show what each and every sector of the economy will require in the future to make it stable.
* Avoiding duplication of industries in different parts of the country, for it will show the ones that have been set in those parts and even enhance balancing
* Promote balancing in regional development by ensuring that they are not concentrated in only one region, ignoring other regions.

1. a Explain **Five** circumstances under which a Limited liability company can be terminated. (10marks)
2. Failure to commence business within one year- If a company does not commence business within one year from the date of registration, it may be wound up by a court order on application of a member of the company.
3. Insolvency – when a company is not able to pay its debts, it can be declared insolvent and wound up.
4. Ultra- vires – this means a company is acting contrary to what is in its objective clause. In such a case, it may be wound up by the registrar.
5. Amalgamation – two or more companies may join up to form one large company completely different from the original ones.
6. Court order – the court of law can order a company to wind up especially following complaints from creditors or if it is doing an illegal business.
7. Decision by shareholders – the shareholders may decide to dissolve a company in a general meeting.
8. Change in laws that may render the company illegal.

b.

1. a. Given below is a table showing the market supply for a commodity from January to May 2022.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Month | January | February | March | April | May |
| Quantity Supplied | 10,000 | 13,000 | 17,000 | 25,000 | 27,000 |
| Price | 120 | 120 | 120 | 120 | 120 |

Outline **five** factors that may have contributed to the trend in the quantity supplied from January to May, 2022. (10 marks)

* Improved level of technology
* Decrease in cost of production
* Increase in subsidies from the Government
* Decrease in the level of taxation
* Increased availability of factors of production
* Entry of new firms in the market/industry
* Less industrial unrest
* Better climatic conditions in case of agricultural products
* The goods may have been in season
* Security and stability in the area/community
* Improved infrastructure
* Future expectations/speculations in fall in prices

b. Explain **Five** factors that may contribute to demand – pull inflation. (10marks)

a) Increase in government expenditure which makes money available to people hence increasing aggregate demand.

b) Effects of credit creation by commercial banks which increases consumers ability to buy

c) Increase in money income which increases ability to buy increasing aggregate demand.

d) General shortages of goods and services since demand will be higher than supply.

e) Increase in consumers expenditure which increases pressure on existing goods and services

1. a. Explain five measures that the government can take to increase the volume of exports. (10 marks)

* **Export compensation scheme**-This is where the exporter is allowed tp claim from the government a certain percentage of the value of the products exported to enable them to charge less hence increasing demand for their products in the world markets
* **Diversifying foreign markets**- Government may provide useful information to the exporters about the available business opportunities involving different products as well as negotiating with other countries to secure preferential treatment for their country’s exports hence increasing the amount of goods being exported
* **Offering customs drawbacks**- This is where the government refunds either in full or part the custom duty paid on raw materials that are imported for the manufacture of goods meant for exports. This enables the manufacturer to lower the price of the exported goods hence increasing their demand in the world market
* **Lobbying for removal of trade restrictions**- The government may negotiate with trading partners so as to remove or reduce trade barriers such as taxes and quotas placed on the country’s exports. When such barriers are removed the country may be able to export more.
* **Devaluation of a country’s currency**- When the government devalues her currency, their exports become cheaper in the foreign markets hence promoting volume of exports since a foreigner will be able to purchase more with the same amount of foreign currency that they initially had.

b. Explain **five** factors that may lead to increase in the level of National income of a country. (10 marks)

* **Availability of capital/Man made resources. -** When a country has enough man made resources, it can produce goods and services in large quantities and a faster rate than the country that has poor man made resources.
* **Country’s infrastructural development** – a country with well-established roads, electricity and rail network is more likely to have a higher output.
* **Technological advancement** – a country with advanced /developed modern technology, it will be able to produce large quantities of high quality goods/services to increase the value of national income
* **Country’s natural resource endowment** – a country with endowment of natural resources such as minerals/good climate/tourism can use them to produce/generate more income.
* **Human resource endowment** – a country with well-trained manpower is able to produce large quantities of goods and services and of quality thus generating a higher income
* **Political stability/security** – as it will give producers opportunity to concentrate with productive activities with no fear of losing their investments.
* **Country’s entrepreneurial culture** – a culture of hard work inculcated in their citizens would lead to venturing into various activities to generate income.

1. a. There is an increase in the number of customers using credit cards as a term of payment to transact business in the world today. Explain any five reasons that could be contributing to this increased use of credit cards. (10marks)

* They are safer to carry around than cash
* Convenient to carry around
* Enables the holder to get goods and services from specified sellers without paying immediately
* Some are acceptable both locally and internationally
* Enables the holder to get money from specified banks
* Increases credit rating of an individual.
* The card holder is able to keep track of his expenditure since he gets a statement at the end of the month from the credit card company

b. . Explain five positive implications of a country whose population is mainly dominated by the youthful population. (10 marks)

* **Increase in market demand**- The youth tend to consume more of products like food, clothing and entertainment therefore a larger youthful population wider market for such goods and services hence faster growth of such sectors
* **Technological advancement**- The youthful population tend to be more creative and innovative due to their adventurous nature which eventually leads to advancement in technology
* **Better utilization of resources** – A youthful population creates increased demand for goods and services which in turn leads to better utilization of the available resources in attempt to satisfy the increased demands
* **Enough labour supply**- A youthful population creates a pool of labour force which would in turn lead to payment of low wages which may in turn become an incentive to prospective investors
* **Stimulates investments**- A large youthful population creates high demand which makes the existing entrepreneurs to expand their businesses and at the same time new investments may be made in order to produce various goods and services which are required.
* **Promotes labour mobility**- A youthful population who are skilled are likely to move from one place to another in search for employment making the producers to satisfy their labour needs in whichever locations they are in

1. a. Describe **four** features of an effective warehouse. (8 marks)

* **Proper security-** It should have good security to safeguard goods from theft loss or damage.
* **Qualified staff-** It should have well trained workers who can take care of goods.
* **Good transport network-** To ensure ease of movement of goods into the market or into the warehouse
* **Proper handling facilities-** For ease of movement and handling of the goods storede.g. forklifts, cranes, conveyor belts etc.
* **Compliance with legal requirements -** To enable the warehouse operate smoothly without

interruption from the government/regulators

* **Adequate/Proper storage facilities-** To take care of the goods in a store from damage
* **Adequate / suitable buildings** - that is suitable for the goods in store.
* **Clear and proper inventory control system** - to avoid fraud.
* **Convenient/Appropriate location** - which can easily be reached by customers
* **Adequate / proper communication network** - to enable the trader easily reachcustomers or

suppliers.

b

Ashleys electronics

Profit and Loss Account

For the period 31/12/2020

|  |  |
| --- | --- |
| Shs Expenses  Insurance 15,000  Carriage Outwards 3,300  Salaries 12,900  Discount allowed 8,000  Rent 50,000  Electricity 12,000  Net profit c/d 91,500  192,700 | Shs  Gross profit b/d 177,000  Discount received 10,700  Commission received 5,000    192,700 |

Ashley’s Electronics

Balance Sheet

As at 31st December 2022

|  |  |
| --- | --- |
| Shs shs  Fixed Assets  Equpments 90,000  Motor Vehicle 250,000 340,000    Current Assets  Debtors 36,000  Bank 100,000 213,000      476,000 | Shs shs  Capital 250,000  Add Net profit 91,500 341,500  Long term liabilities  ABC Bank loans 100,000 100,000  Current liabilities  Creditors 34,500 34,500  476,000 |

* + - * 1. (i) working capital CA – CL

213,000 – 34,500 = Shs. 178,500

(ii) Capital employed

341,500 + 100,000 = Shs. 441,500