

## **Marking Scheme Business Studies Paper 2 Mokasa**

1a)

- Increase in productivity since output per worker is greatly increased because more workers are engaged
- Saves on time since workers perform part of the whole process
- Encourages use of machines because division of labour involves production on a large scale and therefore permits economical use of machines
- Leads to production of high quality goods and services since there is use of machines
- Enables workers to acquire more skills in a particular field since they repeat the same activity now and then
- Encourages invention and innovation. Repetition improves craftsmanship leading to creativity

1b)

- It leads to high rates of unemployment due to high demand for few jobs
- It increases dependency ratio since many youths depend on few employed
- Reduces savings and investments as most of the money is spent on basic needs of the youths
- It leads to increase in social evil as the youths look for ways of survival by getting money through wrong means
- It puts a lot of pressure on goods and services required by the youth as the demand outstrips supply
- The government strains to raise finance to fund young people

2a)

- Fidelity guarantee policy- This policy will cover and compensate the hospital against losses which will occur due to dishonesty of his workers who might steal his/her property e.g cash
- Theft/burglary policy- this policy covers and compensates the hospital against losses that would be caused by thieves or robbers who will take away his property by force
- Fire policy- this policy will cover and compensate the hospital in case fire destroys or damages his property
- Motor vehicle accident policy- it covers and compensates in case the hospital motor vehicles are damaged in an accident

- Workmen's compensation/ employees liability policy- this policy compensates medical staff/workers incase injured while on duty
- Loss of goods/money on transit- this policy covers and compensates the hospital incase his goods are damaged while in transit or if transit or if the money is stolen while being taken from or to bank
- Public liability policy- compensates members of the public who are injured accidentally or any injury to him/her while in the hospitals premises
- Key man's policy- compensates a hospital incase of loss of a key/main doctor/ workers
- Medical policy- pays medical bills for workers incase they are hospitalized
- Bad debts- compensates a trader incase debtors/patients/clients fail to pay their debts

## 2b) ACCOUNTING

### 3a)

- To protect them from over from overpricing of goods and services
- To protect them from being sold underweight products
- No protect them from being sold poor quality goods and services
- To protect them from misleading/false advertisements that may cheat/exploit consumers
- To protect them from being sold to harmful/unhygienic goods and services that are unfit for human consumption.
- To protect them from being sold to harmful/ unhygienic goods and services that are unfit for human consumption.
- To protect them from being sold to socially unacceptable goods and services i.e. pornographic materials which can influence morality in the society.
- To protect them from hoarding of goods and services so as to create shortages and raise prices.
- To protect them from being sold to illegal goods and services to protect them from unlicensed traders/ to protect them from unprofessional services.
- To protect them from breach of contracts
- To protect them from unsafe buildings/premises which don't meet the required standards
- To protect them from unhygienic environment premises which endanger their lives

### 3 b)

- Receives deposits on behalf of the government from foreign donors, income tax department, customs department etc.
- Borrowing money on behalf of the government and externally
- Collecting revenue for the government from various departments/institutions
- Making payments on behalf of the government e.g. payments of civil servants through a cheque drawn on the C.B
- Advicing government on financial matters
- Sells government bonds and treasury bills
- Lending money to the government usually on short term arrangement

4 a)

| <b>Perfect competition</b>                                                                                                                                                                                                         | <b>Monopoly</b>                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Many buyers and sellers<br>Commodities are homogenous<br>There is free entry and exit into the market by suppliers<br>Price determined by the forces of demand and supply<br>No price discrimination<br>No government interference | Single seller many buyers<br>Commodities have no close substitutes<br>There are barriers to entering the market<br>The firm is the price giver in the market<br>There exists price discrimination<br>There may be government interference |

4b)

- Sanctions- every public expenditure must be approved by the relevant authority like county assembly
- Maximum social benefit- any public expenditure must be incurred in such a way the majority of the citizens are able to reap maximum benefit from it. e.g improved living standards and quality of life
- Flexibility/ Elasticity- the policy on public expenditure should be flexible enough to meet prevailing economic situations i.e it should be possible to increase or decrease the expenditure on projects depending on the prevailing circumstances e.g during drought, it should be possible to spend on famine relief

- Economy- public expenditure should be planned carefully and prudently to avoid any possible waste
- Proper financial management(Accountability)- public funds should be well managed. This should be facilitated by maintenance of proper records which should be audited as required
- Productivity- the biggest proportion of public expenditure should be spent on development and less on non development projects
- Equity- Government expenditure should be distributed equitably to all sectors of the economy in order to reduce income and wealth inequalities.

5 a)

- When there is no down payment needed like in Hire purchase
- Where the buyer wants to own the goods immediately unlike where in Hire purchase ownership is delayed
- Where the buyer wants to resell the goods immediately unlike in Hire purchase
- Where the buyer wants to buy both durable and non-durable goods unlike in Hire purchase where durable goods are accessed
- Where the buyer doesn't want the goods to be re-possessed unlike in Hire purchase.
- Where the buyer wants simple proceedings unlike in Hire purchase where the procedures are lengthy and time consuming.

5b)

## ACCOUNTING

6a)

- Increased availability of variety of goods and services as a result of new businesses in the area
- Availability of auxiliary services – citizens would enjoy more and better auxiliary services like transport, banking, insurance, warehousing
- Increased job opportunities- there will be more jobs available that would reduce unemployment
- Increased utilization of locally available resources- locally available factors of production will be used and the citizens would earn rewards associated with them
- Improved standards of living as development of rural areas increases the quality and variety of goods and services
- Reduced congestion in towns- this would benefit the few citizens remaining in the city

- Balanced regional development as economic activities are spread throughout the country
- Transfer of technology to rural areas which lead to production of better quality goods/services
- Creation of market for goods and services produced in rural areas
- Development of towns in rural areas/ urbanization

6b)

MACHOFI TRADERS  
THREE COLUMN CASH BOOK

| DATE                | DETAIL  | L.F | DISC<br>. ALL | CASH   | BANK  | DATE                | DETAIL    | L.F | DISC.<br>REC | CASH   | BANK   |
|---------------------|---------|-----|---------------|--------|-------|---------------------|-----------|-----|--------------|--------|--------|
| 2018<br>April<br>1  | Bal b/d |     |               | 25,000 |       | 2018<br>April<br>1  | Bal b/d   |     |              |        | 15,000 |
| 2018<br>April<br>6  | Rioki   |     | 20            |        | 980   | 2018<br>April<br>3  | wages     |     |              | 15,000 |        |
| 2018<br>April<br>6  | Kombo   |     | 40            |        | 1,960 | 2018<br>April<br>5  | purchases |     |              | 750    |        |
| 2018<br>April<br>8  | Chebe   |     |               |        | 1,000 | 2018<br>April<br>11 | Machinery |     |              |        | 5,000  |
| 2018<br>April<br>13 | Sales   |     |               |        | 4,000 | 2018<br>April<br>15 | Drawings  |     |              | 1,000  |        |
| 2018<br>April<br>20 | Sales   |     |               | 20,000 |       |                     |           |     |              |        |        |
| 2018<br>April<br>21 | Cash    | C   |               |        | 1,000 | 2018<br>April<br>21 | Bank      | C   |              | 1,000  |        |
| 2018<br>April<br>27 | Kiko    |     |               | 3,000  |       | 2018<br>April<br>24 | Chebe     |     |              |        | 1,000  |

|                     |      |  |           |               |               |                     |         |  |  |               |               |
|---------------------|------|--|-----------|---------------|---------------|---------------------|---------|--|--|---------------|---------------|
| 2018<br>April<br>30 | Cash |  | <u>60</u> | <u>48,000</u> | <u>20,250</u> | 2018<br>April<br>30 | Bank    |  |  | 20,250        |               |
|                     |      |  |           |               | <u>29,190</u> | 2018<br>April<br>31 | Bal b/d |  |  | <u>1,000</u>  | 11,690        |
| Bal<br>b/d          |      |  |           | 1,000         | 11,690        |                     |         |  |  | <u>48,000</u> | <u>29,190</u> |