

1. (a)

Measures that the Government may take to solve youth unemployment in Kenya include:

- (i) Adoption of relevant education system that equips the youth with skills (e.g. Artisan, carpentry, masonry). *changes/improving (relevant) training*
  - (ii) Adoption of favourable Government policies that encourage use of labour intensive methods of production. *to use/employ/absorb/more labour/increase job opportunities. Appropriate*
  - (iii) Diversification of economic activities that provide variety of production activities (e.g. mixed agriculture, ICT.) *by encouraging/establishing different industries/sect*
  - (iv) Increasing Government spending in projects that employ the youth e.g. kazi kwa vijana. *accept relevant*
  - (v) Partner with the private sector to steer community based projects that involve the youth. *or Govt projection as expansion which expands size of economy. e.g.*
  - (vi) Encourage maximum utilization of evaluate (natural) resource. *to increase production activities. better/best available*
  - (vii) Encouraging rural development in order to attract firms and minimize rural-urban migration.
- (8) improve infrastructure in order to stimulate economic activities
- (9) Control population growth. So as to have a labor force that the economy can absorb/sustain. *(Any 5 x 2 = 10 marks)*
- (10) export labor by assisting the unemployed (youth) to acquire jobs approx abroad/countries with labour deficiency.

(11) lending / setting up a firm to assist the unemployed to stand income generating activities / accept eng of a firm as a mention.

(12) protect local industries (from foreign competition) so that they can expand/absorb more labor

(13) Encourage / promote the informal sector / inukali sector in order to promote self employment.

(14) decentralisation / decentralisation of firms that reduces rural urban migration / increased job opportunities in any part of the country / any value addition can be awarded.

(15) Income/wage policy to harmonize/eliminate differences b/w regions / sectors

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(16) attract (local) / (foreign) investment to grow the economy / increase production activities

(17) Revive collapsed firms / industries / projects to increase production activities / by injecting more funds to collapsed industries / to

(18) Establish employment policy to make it easy for the youths to get jobs / accept eng of employment policies as a mention

(19) Setting up vocational / TVET institutions to train youths on practical skills.

(b) Reasons why consumers need protection include:

- (i) To protect them from unfair pricing by traders who may overcharge them.
- (ii) To protect them from consuming low quality goods i.e. sale of counterfeits (instead of the original goods) that do not meet the set standards.
- (iii) To be shielded from misleading information about products, which may give wrong impression about the product. cheat on the performance of the product.
- (iv) To safeguard them from occupying unsafe structures/construction of substandard structures/buildings. that endangers/threaten life of consumers that do not meet minimum safety standards.
- (v) To protect them from artificial shortages (hoarding) usually meant to increase prices. deny consumer access to good services.
- (vi) To protect them from harmful products e.g. selling skin lightening creams to ignorant client. that are unfit for consumption, can cause damage, problems to consumer, accept mention of harmful products as expensive.
- (vii) To protect them from breach of contract i.e. failure to honour contracts on the part of traders. unfair representation of goods/harassment by traders

(viii) Underweight/under size goods/services - where some traders sell goods below the weight/size paid for/give less service to consumers/cheat consumers on the weight/size of the goods. (Any 5 x 2 = 10 marks)

(ix) Socially unacceptable goods/services some traders sell offensive goods/services that go against the morality of society/accept example of socially unacceptable goods/services as a matter

(x) Illegal goods/services some traders are unlicensed/unprofessional/unqualified to provide some goods/services

(xi) Unhygienic environment/premises some traders sell goods/services under dirty/unclean/unhealthy conditions that can affect the health of consumers. Contaminate goods/services

2. (a) Principles of Government spending includes:

- (i) Sanction. <sup>Authorized/approved</sup>  
The expenditure must be sanctioned by parliament. <sup>relevant bodies.</sup>
- (ii) Economy.  
Should be incurred in the most affordable way to avoid any possible wastage/misuse
- (iii) Accountability. <sup>Good/proper financial management</sup>  
Public funds should be well managed and proper records maintained (for auditing)
- (iv) Flexibility.  
The expenditure policy should be flexible to accommodate the changing/prevaling economic situations (e.g. drought, floods, pandemics etc)
- (v) Benefit. <sup>Maximum/optimum social benefit</sup>  
Any expenditure must accord maximum benefit to the majority of the people.
- (vi) Productivity.  
The expenditure should be incurred in the most productive projects to ensure maximum social benefit. <sup>projects that can yield a return on investment</sup>
- (vii) Equity.  
Should be incurred in a way that ensures fair income distribution.

(viii) Surplus  
Savings should be spent on emergencies / fill revenue gaps between collections & projection / expenditure should be less than the revenue collected.  
(Any 5 x 2 = 10 marks)

(ix) Elasticity

Expenditure should be capable of being expanded/contracted in line with the size of the economy.

(b)

Trends in office management include:

- (i) Increased computerization in managing business records, data and communication. *automation for efficiency*
- (ii) Establishment of Public Relations Department to address the need for customer satisfaction. *accept relevant benefits or automation as expansion public relations customer care services desk*
- (iii) Adoption of new office plans that are open and attractive as opposed to enclosed offices. *open landscape to facilitate smoother & staff reconvene or too space improve customer enhance comfort in office*
- (iv) Increased use of mobile phones (by employees) for office communication. *accepts benefits or mobile phones for comm. as explanation*
- (v) Relocation of offices from urban to suburban areas to take advantages of low rent/rates and large space. *location of large space away from congested town centres outskirts & bus*
- (vi) Merging duties and responsibilities to reduce the number of employees doing routine work. *employ multi-skilled staff save on labour cost carry out different tasks*
- (vii) Use of biometric (reporting systems) to manage staff attendance. *control staff movement*
- (viii) Provision for working from home/away from the physical office. *to save on cost / minimize congestion / accept any benefit or working from home as exp. expansion.*

(Any 5 x 2 = 10 marks)

- (ix) Innovative ways to motivating staff through travel meals at work / transport / medical cover to improve productivity / loyalty.
  - (x) Capacity building to develop staff skills / competence.
  - (xi) HIV/AIDS/COVID 19 Awareness policy to sensitise employees / avoid discrimination / infection
  - (xii) Stress management to promote good health / coping at work
  - (xiii) CCTV / closed circuit tv for surveillance / enhance security
  - (xiv) Inclusivity to promote equal opportunity in employment / accept examples of inclusivity as a qualification
  - (xv) Environmental conservation to minimise degradation / ensure sustainability
  - (xvi) use of name tag / badges for (easy) identification & names
  - (xvii) Corporate social responsibilities to give back to the community
  - (xviii) Team building to enhance bonds / interaction / teamwork / team spirit
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- 14) ISO compliance 565/2MS so as to meet internationally accepted services,
  - 20) outsourcing contracts out non-core activities
  - 21) performance contracts to ensure set targets are met
  - 22) Ethical practices to enhance good governance / zero tolerance to corruption / transparency
  - 23) Brand / rebranding to enhance corporate image / identity
  - 24) increased use of internet / emails / social media / extranet / intranet ... final conference / access info

3. (a)

| CAPITAL A/C |     |                |         | BANK A/C |                |         |           |                |
|-------------|-----|----------------|---------|----------|----------------|---------|-----------|----------------|
| Dr          |     | Cr             | Dr      |          | Cr             | Dr      |           |                |
| 3/18        | Bal | <u>100,000</u> | 1/3/18  | Bank     | <u>100,000</u> | 1/3/18  | Capital   | 100,000        |
|             | c/d |                |         |          |                | 4/3     | Cash      | 20,000         |
|             |     |                | 30/3/18 | Bal.     | 100,000        | 6/3/18  | Purchases | <u>30,000</u>  |
|             |     |                |         | b/d      |                | 30/3    | Bal. c/d  | <u>50,000</u>  |
|             |     |                |         |          |                |         |           | <u>100,000</u> |
|             |     |                |         |          |                | 30/3/18 | Bal. b/d  | <u>10,000</u>  |
|             |     |                |         |          |                |         |           | <u>50,000</u>  |

| Motor Vehicle A/c |          |                |         | CASH A/C |               |         |          |               |
|-------------------|----------|----------------|---------|----------|---------------|---------|----------|---------------|
| Dr                |          | Cr             | Dr      |          | Cr            | Dr      |          |               |
| 2/3/18            | G. motor | <u>800,000</u> | 4/3/18  | Bank     | 20,000        | 10/3/18 | Drawing  | <u>80,000</u> |
| 30/3              | Bal.     | 80,000         | 10/3/18 | Sales    | <u>15,000</u> | 10/3/18 | Bal. c/d | <u>27,000</u> |
|                   | b/d      |                |         |          |               |         |          | <u>35,000</u> |
|                   |          |                | 30/3/18 | Bal.     | <u>35,000</u> |         |          | <u>35,000</u> |
|                   |          |                |         | b/d      | 27,000        |         |          |               |

| GENERAL MOTOR |      |                |         | PURCHASES     |                |         |      |               |
|---------------|------|----------------|---------|---------------|----------------|---------|------|---------------|
| Dr            |      | Cr             | Dr      |               | Cr             | Dr      |      |               |
| 30/3          | Bal. | <u>800,000</u> | 2/3/18  | Motor vehicle | <u>800,000</u> | 6/3/18  | Bank | <u>30,000</u> |
|               | b/d  |                |         |               |                | 30/3    | Bal. | <u>30,000</u> |
|               |      |                | 30/3/18 | Bal.          | 80,000         |         | c/d  |               |
|               |      |                |         | b/d           |                | 30/3/18 | Bal. | 30,000        |
|               |      |                |         |               |                |         | b/d  |               |

| SALES A/C |      |               |      | DRAWING A/C |               |         |      |               |
|-----------|------|---------------|------|-------------|---------------|---------|------|---------------|
| Dr        |      | Cr            | Dr   |             | Cr            | Dr      |      |               |
| 30/3      | Bal. | <u>15,000</u> | 10/3 | Cash        | <u>15,000</u> | 10/3/18 | Cash | <u>8,000</u>  |
|           | c/d  |               |      |             |               | 30/3    | Bal. | <u>80,000</u> |
|           |      |               |      |             |               |         | c/d  |               |
|           |      |               | 30/3 | Bal.        | 8,000         |         |      |               |
|           |      |               |      | b/d         |               |         |      |               |

~~40 x 1/2 = 10 marks~~

NB (i) where there's no title/wrong title do not award

(ii) where the candidate comes with stock account do not award.

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- (iii) ignore omission of dates
- (iv) where wrong dates are given - no marks for details and figures
- (v) details on balancing should be balance carried down or bal. Cf.
- (vi) the balancing can be done at the last date of transaction or any date b/w 1st & 30th.

|                        |  |  |
|------------------------|--|--|
| (b)                    | <p><b>Benefits of intermediaries in the chain of distribution include;</b></p> <p>(i) <u>Breaking of bulk i.e.</u> split goods into smaller quantities that can be conveniently purchased by consumers.</p> <p>(ii) <u>Passing of (important) information</u> <sup>feedback</sup> between consumers and producers which improves the quality of goods produced. <sup>price availability / usage / accept any relevant information</sup></p> <p>(iii) <u>Accumulation of bulk</u> to ensure a steady supply of goods <sup>about the good as expansion</sup> (throughout the years). <sup>satisfy range</sup></p> <p>(iv) <u>Avails a variety of goods</u> <sup>Consumers</sup> (to the consumers) from different producers <sup>from 1 to satisfy different tastes</sup> that consumers can choose.</p> <p>(v) <u>They offer advisory services</u> <sup>usage / price / availability / accept relevant advisory services as expected</sup> (to the consumers) about the goods in the market.</p> <p>(vi) <u>Prepare goods for sale</u> (to the benefit of consumers) through branding / packaging / <sup>sorts / grades / blending</sup></p> <p>(vii) <u>Avail goods closer to the consumers.</u> which relieves / saves the consumers the cost of travelling / transport / time.</p> |  |
| (Any 5 x 2 = 10 marks) |  |  |

- (viii) provide storage / warehousing. enabling the consumers to get goods at the time they need them / in good condition / accept other benefits of warehousing to the consumer as expansion.
- (ix) promote / advertise goods that creates awareness of availability / existence of goods / that makes the consumer make informed choices / <sup>decision</sup> when buying goods.
- (x) Selling goods on credit. enabling consumers to afford more / expensive goods.
- (xi) offers transport, which relieves the consumer of transporting goods / transport cost.
- (xii) offers after sale services to enhance product usage / increase customer satisfaction / accept more examples of after sale services.

4. (a) **Benefits of savings accounts to a customer.**

- (i) Allows the customer to save and accumulate small amounts of money. *by for future use / since with*
- (ii) Offers safe custody for the customer's money. *drawals are controlled / limited against theft / loss*
- (iii) Minimal charges are levied on the account. *making it more attractive / affordable*
- (iv) Customers earn interest on the account balance. *compared to current account as an income which increases the bank balance*
- (v) Requires little/no deposits to open. *which makes inaccessible also compared to other accounts*
- (vi) Customer may get bank loan on the basis of the savings accounts.
- (vii) Encourages the customer to invest from the savings.

(viii) Deposits can be made into the account any time to the convenience of the customer compared to fixed account. *(Any 5 x 2 = 10 marks)*

(ix) Account holders are issued with identification cards which may also act as a debit card.

(b) Ways in which a warehouse may promote trade include:

- (i) Promote mass production by allowing the producer to continue producing goods since there is space for storage of (finished) goods / raw materials
- (ii) Stabilizes prices by regulating the flow of goods by storing the surplus and releasing the goods when demanded.
- (iii) Ensures continuity of supply where seasonally produced goods are stored and gradually released to the market. steady supply of goods by storing them
- (iv) It facilitates the preparation of goods for sale like branding, sorting, packaging, etc. accept relevant
- (v) Creates time utility by ensuring that consumers get goods when required. method of preparation for sale as expansion
- (vi) Protection of goods from physical damage, theft and the damaging effects of weather. ensure safety of goods / pests
- (vii) May add value to some goods, e.g. wine can improve in quality/taste (better) when they stay for long time. some goods / fetch better prices / better satisfaction of needs

(XII) Enables trader to look for market while they are still in the warehouse. (Any 5 x 2 = 10 marks)

(IX) Ensure seasonally produced goods are stored until required

(X) bordered warehouses help to store goods awaiting clearance by custom authority / allow the importer to claim the goods / look for money to pay for custom duty / clearance.

(XI) security for goods / since they are protected from theft / pilferage



5. (a) (i)

**Adan Traders Profit and Loss Account**

**ADAN TRADER'S  
PROFIT AND LOSS ACCOUNT ✓  
FOR THE PERIOD ENDED 31<sup>ST</sup> DEC. 2018**

|                      | Sh      |                     | Sh.       |
|----------------------|---------|---------------------|-----------|
| Discount allowed ✓   | 15,000  | Gross profit b/d    | 120,000 ✓ |
| Salaries and wages ✓ | 27,000  | Discount received   | 2,400 ✓   |
| Commission ✓         | 16,600  | Commission received | 9,000 ✓   |
| allowed              |         |                     |           |
| Power and lighting ✓ | 11,700  |                     |           |
| Net profit ✓         | 61,100  |                     |           |
|                      | 131,400 |                     | 131,400 ✓ |
|                      |         | Net profit          | 61,100    |

10 x 1/2 = 5

(10 x 1/2 = 5 marks)

(ii)

ADAN TRADER'S

BALANCE SHEET ✓

~~FOR THE PERIOD ENDED 31<sup>ST</sup> DEC. 2018~~ ✓

| Dr           | Sh.              |              | Sh.              | Cr |
|--------------|------------------|--------------|------------------|----|
| Premises     | 1,120,000 ✓      | Capital ✓    | 1,301,800        |    |
| Furniture    | 49,000 ✓         | Net profit ✓ | 61,100           |    |
| Stock        | 25,000 ✓         | Creditors ✓  | 37,300           |    |
| Debtors      | 55,000 ✓         |              |                  |    |
| Cash in hand | 65,000 ✓         |              |                  |    |
| Cash at bank | 80,000 ✓         |              |                  |    |
|              | <u>1,394,000</u> |              | <u>1,400,200</u> |    |

10x/2

(10 x 1/2 = 5 marks)

~~OR~~

ADAN TRADER'S

BALANCE SHEET

FOR THE PERIOD ENDED 31<sup>ST</sup> DEC. 2018

| Dr           | Sh.              |                       | Sh.              | Cr |
|--------------|------------------|-----------------------|------------------|----|
| Premises     | 1,120,000        | Capital               | 1,301,800        |    |
| Furniture    | 49,000           | <del>Net profit</del> |                  |    |
| Stock        | 25,000           | Creditors             | 37,300           |    |
| Debtors      | 55,000           |                       |                  |    |
| Cash in hand | 65,000           |                       |                  |    |
| Cash at bank | 80,000           |                       |                  |    |
|              | <u>1,394,000</u> |                       | <u>1,339,100</u> |    |

(10 x 1/2 = marks)

NB. 1. penalise foreign item on the balance sheet up to 200  
2. wrong net profit, correctly posted to the balance sheet a  
however this should arise from an arithmetic error.  
3. wrong titles do not award.

(b) Benefits of communication to a business include.

- (i) Enhances coordination (between departments) ensuring they all work towards achieving objectives of the business.
- (ii) Helps maintain a positive relationship with (other) stakeholders. *for smooth operation / reduce*
- (iii) Facilitates the decision making process (within the business) for better management. *Constructs*
- (iv) Increased employee motivation due to clarification of goals, objectives and expectations.
- (v) Better performance due to clear targets setting and feedback. *Improved productivity*
- (vi) Increased sales due to effective product promotion.
- (vii) Improved harmony (in the business) due to minimal conflicts since issues are clarified and challenges addressed. *peaceful understanding*
- (viii) Improved Image / reputation (of the business) / corrects negative attitudes / perception which elevate the standing of the business in the market in the eyes of the public. *(Any 5 x 2 = 10 marks)*
- (ix) helps to clarify issues / points so as to avoid confusion to be well understood
- (x) Enables the business to get information / obtain / send information from internal / external sources (that can be useful to the business)
- (xi) Enhances / promotes teamwork through consultations / sharing of ideas / resources
- (xii) Facilitates / promotes research which helps to improve processes / activities in the business.

6. (a) Reasons that make it necessary for the government to promote entrepreneurship include:

- (i) **Job Creation.** *Employment creation for* Set through trading/production activities *to others / may boost economic activities in the country / enable*  
Trading activities may boost employment opportunities in the country.
- (ii) **Opening up of remote parts of the country.**  
Trading activities may attract support industries */ auxiliary services development* such as banks and infrastructure in some areas. *accept e.g. of support industry / auxiliary services & infrastructures*
- (iii) **To raise living standards.**  
Trade usually brings goods that some areas may not be in a position to produce hence *(higher living standards)* by availing a variety *of goods* to them.
- (iv) **To reduce rural urban migration.** *activities*  
When *(more)* people engage in business *in the rural set-up* *(it may serve to lower the rate of rural urban-migration.)* *accept any advantage as reduction of rural-urban migrati*
- (v) **To promote innovation and creativity.** *as expansion*  
Entrepreneurship encourages use *of new technology / development, ideas / products* which *(in turn)* results into high quality *Quantity* production.
- (vi) **To make use of local resources.**  
The Government may desire to put all the available resources into proper use. *to increase product*
- (vii) **To save on imports.** *to avoid them being idle.* foreign exchange *by producing*  
*commodities* It may be necessary to produce commodities locally *(rather than buying from outside the country.)*

(Any 5 x 2 = 10 marks)

- (viii) To reduce foreign dominance for business in the country.  
by encouraging local people to invest in business
- (ix) to generate (more) revenue to the government where the business pay taxes to the govt.
- (x) To promote entrepreneurial culture. where successful business men act as role models / mentors for future entrepreneurs

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Turn over

- (xi) To encourage production of a variety of goods / ser  
so as to satisfy different consumer tastes / wider their choice.
- (xii) To encourage production of goods for export  
which generate foreign exchange  
and promote capital formation / accumulation as well

(b) Advantages of indirect production to the society include:

- (i) Access to enough quantity of goods due to surplus production. (Can be used interchangeably)
- (ii) Improved living standards due to high quality goods produced. <sup>income / profit generated</sup>
- (iii) They have access to many choices due to a variety of goods produced in the economy. (Can be used interchangeably)
- (iv) They enjoy stable prices due to large scale production, specialization and competition. <sup>Encourage competition leads to firm prices / Quality goods / accept advantages</sup>
- (v) Availability of employment opportunities since many people are engaged in various stages of production. <sup>accept advantages & employment as expansion</sup>
- (vi) The society enjoys improved infrastructure i.e. roads <sup>which</sup> may be put up to support business activities. <sup>facilitate movement / production / accept advantages & expansion</sup>
- (vii) Improves the societal cohesion since many people are brought together from different areas to trade. <sup>peace / harmony</sup>
- (viii) Maximum utilization of available resources since production is meant for sale. <sup>due to interaction optimum production</sup> Leading to increased production.

(Any 5 x 2 = 10 marks)

(9) High quality goods produced due to use of (better) (advanced) technology / specialisation

(10) It encourages specialisation / division of labour which leads to efficiency in product / better quality good / accept advantages & specialisation / division of labour as expansion

(11) The society enjoys improved social amenities which may be put up to support business activities / accept advantages & social amenities as expansion

(12) The society enjoys improved auxiliary services which are put up to <sup>support</sup> ~~promote~~ business activities / accept advantages of auxiliary services

(13) Encourages trade / exchange many people to get what they can not produce / leading to generation of income to <sup>own</sup> ~~owned~~ government through taxes.

(14) Can lead to steady supply of goods since there are many producers who

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(15) Promote creativity / innovation which leads to new ideas / product / technology.

(16) Encourages use of machines which make production more