BUSINESS FORM 4 PP2 MS

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1a) Explain five features that differentiate a public company from a public corporation.(10marks)

|  |  |
| --- | --- |
| Public company | Public Corporation |
| i) Formed under Companies Act | i) Formed under an Act of Parliament |
| ii) Owned by shareholders | ii) Owned by the government |
| iii) Managed by a board of directors appointed by shareholders | iii) managed by a board of directors appointed by the government |
| iv) profit are shared by shareholders | iv) Government has a share of the profits |
| v) Established to sell whatever goods or services the promoters feel can be sold to bring profit | v) Basically established to provide a specific essential goods/services at a subsidized cost. |
| vi) Decision to wind up made by the shareholders | vi) Decision to wind up made by parliament |
| vii) Accounts audited by private auditors | vii) Accounts audited by the Government auditor |

b) Jambo Tena enterprises had the following balances in the cash book on 1st November,

2018.

1. Cash at hand shs. 10,000 and bank shs. 150,000

The following transactions took place during November, 2018.

1. Bought buildings paying by cheque shs. 50,000
2. Drew shs. 4,000 from Bank for office use.
3. Took cash shs. 1,000 for his personal use
4. Credit sales to Jema traders shs. 5,000
5. Took all the cash to the bank leaving a balance of only shs. 100

Record the information in a two collum cash book.

Jambo tena

Two column cash book

For the month of November 2018

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | L.F | Cash | Bank | Date | Details | L.F | Cash | Bank |
| 2018 Nov  1  3  6 | Balance√  Bank√  Cash√ | b/d  c | 10,000√  4,000√ | 150,000√  12,900√ | 2018  Nov  2  3  5  6  7 | Building√  Cash√  Drawings√  Bank√  Balance√ | C  c/d | 1,000√  12,900√  100√ | 50,000√  4,000√  108,900√ |
|  |  |  | 14,000 | 162,900√ |  |  |  | 14,000 | 162,900√ |

20 x ½ =10 mks

2. a) Explain five emerging issues in office management. (10marks)

(i)Increased use of computers in the office: Most work in the office is being typed, stored and transmitted by use of computers because they are faster, accurate and can Store more information. / Teleconferencing/E-commerce

(ii)Increased use of the Open-Office or landscaped office layout: enhanced better management /supervision of the businesses/ better management of staff.

(iii)Development of public/customer relations departments: Most businesses have developed customer care departments to enhance customer contact and increase the customers’ awareness on the existence and use of firm’s products.

(iv)Increased use of cellphones is a new order for most businesses. All their employee shave cellphones to enable them serve the business better even when they are away from their offices. Some business organizations even provide airtime to their workers in order to improve their efficiency and attain a wider market for the goods and services.

(v)Most office are being located in the outskirts /sub-urban/ away from town centers in order to reduce on the cost of land, reduce running cost, attain good parking space and solve the problem of traffic jams.

(vi) Development of procedure and routines: merging of tasks / most senior officers are typing their work today by use of computers and also driving themselves in the organizations cars in order to reduce on the cost of delegating such duties to junior staff which is an additional operational cost.

(vii)Use of tags/badges/corporate wear for workers- This has enhanced easy identification and making workers more responsible

b) Explain five circumstances under which a partnership may be dissolved (10mks)

* When there are changes in law i. e where the operations of the partnership are illegal
* Where there is persistent losses in operation making it difficult to meet its financial obligations
* In case of one or some of the partners request in writing for the dissolution and therefore abiding to their wish
* In case the partnership business is temporary and has accomplished the purpose
* Where there is continued disagreement among the partners : making the operation/continuation of business impossible
* Where the court order for the dissolution: order must be complied with
* loss of contractual capacity of the partner –bankruptcy, insanity
* Admission/withdrawal/retirement of a partner-changes the composition of the partnership

1. a) Explain five circumstances under which a manufacturer would prefer to sell his products direct to consumers instead of selling through middlemen.(10 marks)

* If the goods are highly perishable to prevent them from going bad.
* To enable him to provide after sale services to buyers e.g. repair and maintenance.
* To minimize the cost: Lowering the price of good/ increase sales/profits
* If he has his own retail outlet: to maintain service standard.
* In case it is the legal requirement; ne must comply.
* If the market is concentrated in one area: all customers are within reach directly.
* If the goods are to be produced are tailor made/ at the buyers specificationexample is the expansion.
* If goods produced are in small quantities: hence making it expensive to use middlemen.
* If the value of goods is too high; to avoid increase in price.

b) Factors to consider when choosing a method to promote products.

* Cost of the method- Affordable /cost effective.
* Target group/method that appeals to the target group.
* Urgency of the message/information to reach the consumers within the desired time.
* Nature of the product/method that will give the best achievement.
* Nature of the message/method of will present the various aspects of the product.
* Size of the market/ method that will serve the consumers effectively.
* Intended impression /method that will achieve the desired impression

1. (a) In most secondary schools in Kenya, members of staff are accommodated in one large room. Explain five disadvantages associated with this kind of arrangement.(10mks)

* The security of files and other documents are compromised.
* Concentration to work may be hampered by noise and other disruptions e.g. movements inside the office hall.
* The staff members become too used to each other to a point respect lacking.
* Overcrowding: lead to spread of diseases/ Air borne diseases and other infections can be spread easily.
* Senior officers may feel disappointed for being lumped up together with their junior.
* Lighting and ventilation(air conditioning) may not be controlled according to individual needs

(b) Explain FIVE benefits of warehousing to consumers (10 marks)

* It ensures a steady supply of goods throughout the year. In high seasons goods are produced in large quantities and then stored in warehouse to meet need in low season.
* It ensures stability of prices. A stable supply form the warehouse ensures customers buy at a stable price as there is no fluctuations in supply
* It helps meet unexpected demand. Sometimes we may have unforeseen rise in demand for goods. This is overcome by supply form goods store in the warehouse
* It allows the goods to be prepared for sale i.e. helps branding. Grading and breaking bulk. This helps consumers identify goods and acquire then in quantities desired.
* Some goods like wine and tobacco improve in quality as they are stored in warehouse. This ensures high quality goods are provided to consumers.
* It allows consumers to inspect goods before buying them. the consumers visit and examine goods in the warehouse before buying them.

1. a) Explain five uses of National Income Statistics (10mks

* Indicates the standard of living: *e.g higher NI means higher standards of living and low NI may mean lower standard of living*
* Compares standards of living: a country with high NI is assumed to economically better than another with low NI
* Assess the performance of the economy overtime: *measure performance of a country over time/determine a countries economic development, a country with higher NI is said to be more developed*
* Assists the government in planning the economy
* Making investment decision by revealing growing and declining sectors
* Helps to solicit for aids /Grants
* Makes it possible to determine the extent of dependence on external trade
* Used in preparing annual National estimates for taxation purposes
* Trade unions use data to bargain for better salaries
* used to compare the welfare of people over time

b) i) **Explain four insurance policies that the owner of a supermarket may find useful for the business (8mks)**

* **Loss of profit/consequential loss policy**: This issues against loss caused by closure of business temporarily after occurrence of insurance risk/awaiting compensation
* **Fire policy:** This aims at compensating the owner for losses arising from unintentional fire to the business
* **Theft/burglary policy:** This protects the owner from loss of property that may occur through theft or burglary.
* **Public liability policy**: in paying claims to outsiders from customers who may be injured in the business.
* **Fidelity guarantee policy:** to cover losses suffered through workers dishonesty e.g. fraud.
* **Workmen’s compensation policy**: This is to assist the workers who may be injured in the course of duty.
* **Motor vehicle policy/ Third party policy/** Comprehensive insurance policy**:** To cover business vehicles in case of accidents.

ii) A farmer’s house valued at Ksh. 1,200,000 was insured against fire for ksh. 900,000. Fire

occurred and damaged the house causing a loss of ksh. 500,000. Determine the value of

compensation due to the farmer. (2mks

Compensation = sum insured x actual loss

Value of the property

= 900,000 √ x 500,000√ = 375000

1,200,000√

Shs.375,000√

1. x ½ marks (2mks)
2. a) The accounts of Maneno Traders showed the following balances as at 31st December 20-2. Required: Balance off the accounts and extract a trial balance (10 Mks).

Land and Buildings Account

Dr

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | Folio | Amount  Shs. | Date | Particulars | Folio | Amount  Shs. |
| 2018  Jan 1  Jan 6 | Bal  Bal | b/d  b/d | 150,000  150,000 | 2018  Jan 6 | Bal | c/d | 150,000  150,000 |

Motor Cars Account

Dr

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | Folio | Amount  Shs. | Date | Particulars | Folio | Amount  Shs. |
| 2018  Jan 1  Jan 6 | Bal  Bal | b/d  b/d | 142,000  142,000 | 2018  Jan 6 | Bal | c/d | 142,000 |

Cash Account

Dr

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | Folio | Amount  Shs. | Date | Particulars | Folio | Amount  Shs. |
| 2018  Jan 1  Jan 3  Jan 6  Jan 6 | Bal  Sales  Debtors  Bal | b/d  b/d | 30,000  5,000  3,000  38,000  25,000 | 2018  Jan 1  Jan 2  Jan 6 | Purchases  Creditors  Balance | c/d | 10,000  2,500  25,500  38,000 |

Creditors Account

Dr

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | Folio | Amount  Shs. | Date | Particulars | Folio | Amount  Shs. |
| 2018  Jan 2  Jan 6 | Cash  Bal | c/d | 2,500  1,500  4,000 | 2018  Jan 1  Jan 6 | Bal  Bal | b/d  b/d | 4,000  4,000  1,500 |

Capital Account

Dr

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | Folio | Amount  Shs. | Date | Particulars | Folio | Amount  Shs. |
| 2018  Jan 6 | Bal | c/d | 311,000 | 2018  Jan 6  Jan 1 | Bal  Bal | b/d  b/d | 311,000  311,000 |

Sales Account

Dr

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | Folio | Amount  Shs. | Date | Particulars | Folio | Amount  Shs. |
| 2018  Jan 6 | Bal | b/d | 5,000 | 2018  Jan 3  Jan 6 | Bal  cash | c/d | 5,000  5,000 |

RAPID TRADERS

TRIAL BALANCE

AS AT 6TH JANUARY, 2018

|  |  |  |
| --- | --- | --- |
| Account Name | DR (shs) | CR (shs) |
| Land to buildings  Cash  Motor cars  Creditors  Capital  Sales | 150,000  25,500  142,000 | 1,500  311,000  5,000 |

b) b) Highlight **five** factors that may lead to rapid increase in population. (10mks)

* Improved/high fertility rate:-increasing the number of live births per woman in a given population
* Social economic conditions: that consider children as an asset / source of wealth
* Improved health and hygiene:- increasing the life expectancy
* Early marriages: women start giving birth at an early age
* Government policy favouring many children per household
* Provision of free medical services/care for young children/free maternal care
* Food security: ensures a healthy nation/mother/likelihood of conceiving in women is high

* Low mortality rate:- extends life expectancy
  + - Any other relevant point well expanded-award