

BUSINESS FORM 4 PAPER TWO MARKING SCHEME

1. (a) *Advantages of departmental stores*

- Access to specialised goods/ service from the relevant / shops / particular type of goods. Personalised / attention to customers.
- Access to auxiliary / after sales services - which may easily be available within the shops.
- One can save time by shopping under one roof.
- Prices of goods are relatively low = making consumers save/ buy more .
- One can access a variety of goods under one roof.
- Use of credit *i* debit cards - relieving customer the need of carrying cash.
- Access new products which a customer may not have been aware of.

b) Explain five roles played by licensing as a government regulatory tool.

(10mks)

- ✓ Licensing provides the government with a platform to monitor the type of goods moving in and outside the country.
- ✓ Through licensing the government can get the total number of businesses operating in the country
- ✓ Licensing is used by the government a tool to prevent illegal business activities.
- ✓ Licensing ensures that professional standard as stipulated by the government are adhered to against which a license can be withdrawn for a business which does not stick to the standards.
- ✓ Ensures that business people do not provide harmful goods and services to the citizens.
- ✓ Ensures that there is a healthy competition between people involved in the same business activities.

2. (a) Explain five services that the central bank of Kenya offers to commercial banks.

- Accepts deposits for safe-keeping i.e. banker to commercial banks.
- Licenses the operation of commercial bank Supervises the banking operations.
- Provide clearing house for interbank transaction.
- Ask as a mediator / arbitrator for commercial bank in case of any disputes.
- Lends money to commercial banks.
- Provide advisory services on banking on economic matters to commercial

banks.

- Provide them with currency
- Replaces old notes and coins with new ones.
- It repatriates excess foreign currency.

(b)

Dr	Capital a/c	Cr
Bal c/d	24,000	24,000
	Bank	
	24,00	
	0	24,000
	<u> </u>	

Dr	Bank a/c	Cr
Capital	24,000	18,000
	Purchases	
	Bal c/d	6,000
	24,00	
	0	24,000
	<u> </u>	

Dr	Cash a/c	Cr
Sales	18,900	Rent
Sales	5,625	Commission
		Bal c/d
	24,52	23,475
	5	24,525
	<u> </u>	

Dr	Sales a/c	Cr
Bal c/d	24,525	Cash
		Cash
	24,52	5,625
	5	24,525
	<u> </u>	

Dr	Purchases a/c	Cr
Bank	18,000	Bal c/d
	18,00	18,000
	0	
	<u> </u>	

Dr	Commission a/c	Cr
Cash	900	Bal c/d
	900	900
	<u> </u>	

Dr	Commission a/c	Cr
Bank	15	Bal c/d
	0	15
	<u> </u>	



15 0	15 0
---------	---------

3. a) Describe five channels followed in exporting agricultural product.

(10mks)

- a) Farmer marketing board -> foreign consumers
- b) Farmer – agent - foreign wholesaler - foreign retailer -foreign consumer
- c) Farmer foreign wholesaler foreign retailer foreign consumer
- d) Farmer -foreign retailer -foreign consumer
- e) Farmer -foreign fanner’s representative - foreign wholesaler -foreign retailer - foreign consumer
- f) Farmer - foreign consumer

b)

Milka Traders
Trading, Profit & Loss A/c
For the year ended 31 December 2020

	Shs	Shs		Shs	cts
Opening stock		25,000	Sales	600,000	
Add purchase	360,000			40,000	560,000
+ C inwards	2,000				
Less returns out	20,000	342,000			
Gas		367,000			
Less C. stock		22,000			
COS		345,000			
Gross profit c/d		215,000			
		<u>560,000</u>			<u>560,000</u>
General expenses		88,000	Gross profit b/d		215,000
Carriage out		3,000	Add disc. Received		5,000
Rent		1,000			
Bad debts		80,000			
Net profit c/d		48,000			
		<u>220,000</u>			<u>220,000</u>
			Net profit		48,000

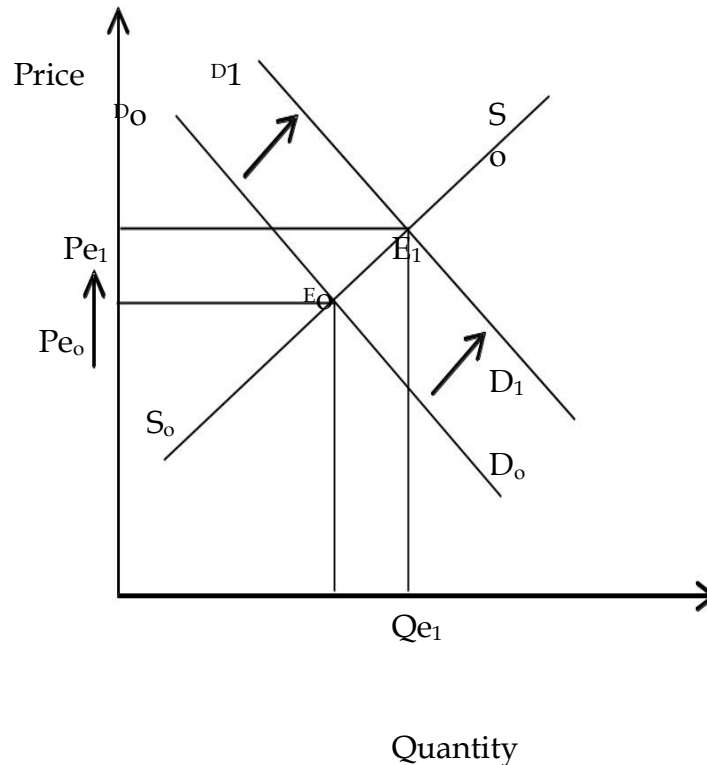
4. (a) Reasons why a country imposes taxes on citizens

- a) Raise government revenue - to cater for various government expenditure
- b) Reduce income disparity - by facilitating fair distribution of incomes and resources by taxing rich more
- c) Discourage consumption - of harmful products and engagement in illicit activities
- d) Control inflation - by reducing money supply through reduction of people's disposable income
- e) Correct unfavourable balance of payments- by taxing imported products more to discourage importation
- f) Influence business location e.g. high tax on urban centres make entrepreneurs to go to rural areas
- g) To subsidize various undertakings for the benefit of the society

b)

	Cooperatives		Public limited cos
1	Formed by a min of 10	1	Min 7 members / shareholders
2	Registered by commissioner of cooperatives	2	Registered by registrar of companies
3	Managed by committee elected by members at AGM	3	Managed by Board of directors
4	Governed by cooperative by - laws	4	Governed by Articles of Association
5	Formed with service motive (to serve members)	5	Formed for profit motive
6	Members have a common bond	6	Members have nothing in common
7	Controlled by government through the ministry of cooperative development.	7	There is no government control

5. (a) Using a diagram illustrate the effects of a positive shift of a demand curve on the equilibrium point, price and quantity. (10 marks)



b) Features of land as a factor of production

- Basic factor of production. Production cannot take place without land.
- Lack geographical mobility- land cannot be moved geographically from one location to another.
- Uneven in quality - the land quality differs from one place to place.
- Suffers from diminishing returns after some time the quality of land reduces.
- Quality can be improved - use of technology and fertilizers can improve the quality of land.

6. (a) Benefits that Mmanyi Enterprise may derive from constructing their own warehouse.

- ❖ Bulk buying; they can buy stock in large scale because they have storage facilities
- ❖ They can be able to meet market demands since they stock the right quantities required by the customers.
- ❖ Seasonal goods can be stocked in order to satisfy customer's seasoned needs
- ❖ Variety of goods can be stocked to promote customer's satisfaction
- ❖ Security of goods is offered until they are demanded.

- ❖ Preparation of goods for sale such as branding, parking, sorting while in the warehouse is made easier.
- ❖ Suitable design- they can construct a warehouse suitable for their own needs
- ❖ Construction of one's warehouse is economical

(b) Importance of filing documents in an organization

- a) Easy retrieval of documents
- b) Keeps office very tidy
- c) Safety of documents
- d) Documents are kept neat
- e) Documents are kept away from unauthorised persons
- f) Space is well utilized
- g) Information for future reference is kept
- h) Filed documents are used as evidence in case of disputes