BUSINESS STUDIES FORM 4 MARKING SCHEME

1. Highlight five importance of sources documents in business.(5mks)

- **They provide on accurate source of data for entries in books of accounts**
- **They minimize the possibility of errors of origin due to systems of checks and balances**
- **They may be used for references.**
- **They minimizes the possibility of fraudulent entries**

2. For each of the following transactions indicate the books of original entry which they would be recorded.(5mks)

   a)Bought goods on credit.- **purchases journal**

   b)Sold an old typewriter on credit.- **general journal**

   c) Returned goods bought on credit for sale.- **purchases return journal**

   d)Opening and closing entries.- **general journal**

   e)When cash is received for goods sold.- **cash receipt journal**

3 a) Explain five types of errors that may occur in a trial balance.(10mks)

- ✔ **Error of total omission – this occurs when a transaction takes place and no entry is made in the books**
- ✔ **Error of commission – occurs when for a given transaction , a double entry is completed but one of the entries is made on the wrong account of the same class of accounts**
- ✔ **Error of principle – occurs when a double is completed but on the entries is made in a wrong account of a wrong class of account**
- ✔ **Error of original entry – occurs when the amount of a transaction is not correctly written in the document of origin such as invoice**
- ✔ **Error of compensation – this is a situation where the total sum of the debit entry errors equalizes the total sum of the credit entry errors.**

3 b) State five features of an efficient transport system.(5mks)

- ✔ **Should be secure**
- ✔ **Affordable**
- ✔ **Flexible**
- ✔ **Reliable**
- ✔ **Comfortable**
- ✔ **Fast**
- ✔ **Provide loading and off-loading facilities**

4. a) State four characteristics of basic human wants. (4mks)

- ✔ **Cannot be postponed**
- ✔ **Felt needs**
- ✔ **Are necessities for life**

- ✔ **Satisfied before secondary wants**

b) State five reasons why most businesses in Kenya operate on small scale.

- ✔ **Lack of capital**
- ✔ **Highly flexible**
- ✔ **Few legal formalities**
- ✔ **Profits are not shared**

5 a) In each of the following cases state the sources documents used.(5 mks)

i)When goods are sold in cash. – **cash receipt**

ii)When correcting an under-charge.- **debit note**

iv) When goods are returned by a customer- **credit note**

v) When the petty cashier pays for expenses in an office- **payment voucher** .

5 b). The following transactions took place in the Mali Traders in the month of June 2016.

SALES JOURNAL

DATE	DETAILS	INVOICE NO	FOLIO	AMOUNT
2006				
June 4	Biyang	001	SL 1	14,000
June 4	Wendy	002	SL2	17,000
June 22	Biyang	001	SL 1	6,000
June 22	Amwangu	003	SL 3	10,000
June 22	Josephine	004	SL 4	11,000
	Total posted to sales A/C(cr)			58,000

PURCHASES JOURNAL

DATE	DETAILS	INVOICE NO	FOLIO	AMOUNT
2006				
June 7	Faddy	001	PL 1	43,000
June 12	Violet	002	PL 2	64,000
June 12	Elatsia	001	PL 1	28,000

	Total posted to purchases a/c (dr)			135,000

SALES RETURN JOURNAL

Date	Details	Credit note	Folio	amount
2006				
June 10	Biyang	001	SL 1	3,000
June 28	Amwangu	002	SL 2	1,000
	Total posted to sales returns a/c (dr)			4,000

PURCHASES RETURN JOURNAL

date	Details	Credit note	Folio	amount
2006				
June 18	Faddy	001	PL 1	5,000
June 18	Violet	002	PL 2	2,000

	Total posted to purchases return a/c (dr)			7,000