# 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ensures that professional standard as stipulated by the government are adhered to against which a license can be withdrawn for a business which does not stick to the standards.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.

- o Accepts deposits for safe-keeping i.e. banker to commercial banks.
- o Licenses the operation of commercial bank Supervises the banking operations.
- o Provide clearing house for interbank transaction.
- o Ask as a mediator / arbitrator for commercial bank in case of any disputes.
- o Lends money to commercial banks.
- o Provide advisory services on banking on economic matters to commercial banks.
- o Provide them with currency
- Replaces old notes and coins with new ones.

o It repatriates excess foreign currency.

(b)

Dr	Capital a/c	Cr
Bai c/d	24.000Bank	24,000
	24,00 0	<u>24,000</u>
Dr	Bank a/c	Cr
Capital	24,000Purchases	18,000
	Bal c/d 24,00	6,000
	0	<u>24,000</u>
Dr		
	Cash a/c	Cr
Sales	18,900Rent	/150
Sales	5,625Commission	^900
	Bal c/d	23,475
	24,52 5	<u>24,525</u>
Dr	Sales a/c	Cr
Bal c/d	24,525Cash	18,900
	Cash	5,625
	24,52 5	<u>24,525</u>
Dr	Purchases a/c	Cr
Bank	18,000Bal c/d	18,000
	18,00	18,000

Dr	Commission a/c		Cr
Cash	900	Bai c/d	900
	900		900
		•	
Dr	Commis	Cr	
	15		15
Bank	0	Bal c/d	0
	15		15
	0		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 Sales Opening stock 25,000 600,000 Add purchase 360,000 40,000 560,000 2,000 + C inwards 20,000 342,000 Less returns out Gas 367,000 Less C. stock 22,000 COS 345,000 Gross profit c/d 215,000 560,000 560,000 215,000 General expenses 88,000 Gross profit b/d 3,000 5,000 Carriage out Add disc. Received 1,000 Rent Bad debts 80,000 Net profit c/d 48,000 220,000 220,000 Net profit 48,000

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

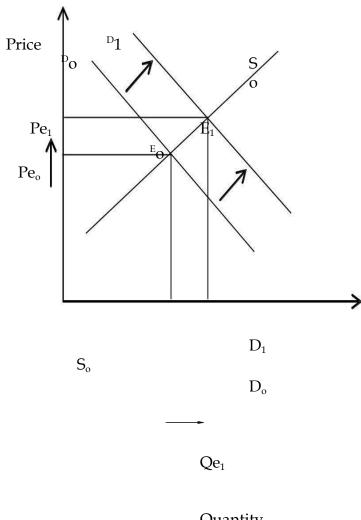
- a) Raise government revenue to cater for various government expenditure
- b) Reduce income disparity by facilitating fair distribution of incomes and resources by taxing rich more

- 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)

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

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)



### Quantity

#### 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.
- <u>Uneven in quality</u> the land quality differs from one place to place.
- <u>Suffers from diminishing returns</u> 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 untiln 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