

FORM FOUR TERM TWO 2018 PAPER TWO MARKING SCHEME

1. Occupations that a person may engage in in the secondary level of production.

- Engineering
- Plumbing
- Carpentry
- Masonry
- Dress making
- Food processing

2. Why computer has overtaken the typewriter.

- The computer is more accurate\efficient.
- Computer is faster in producing documents.
- It is easier to manipulate documents in a computer.
- It is possible to save documents in a computer for future use.
- Documents produced in a computer are neat.
- Computer use requires less physical effort.
- Computer may retrieve\access documents from other computers.

3. Circumstances under which payment by cash may be preferred to payment by cheque.

- If the amount of money involved is small.
- If the credit worthiness of the drawer is doubtful.
- If the payee prefers cash payment.
- If cash payment is the policy of the business.
- Where cheque facilities are not available.

4.Reasons that account for need for consumer protection.

- Products sold may be harmful/poisonous.
- Sellers may overprice their products.
- Products sold may be of poor quality.
- Sellers may hoard goods.
- Sellers may give false advertisement.
- Commodities may have false labelling.
- Commodities may be under-measured.

5.Benefits of delocalization of business enterprises in Kenya.

- Balanced regional development may be achieved.
- Rural-urban migration is reduced.
- More rural areas are opened to better exploitation of resources.
- Population congestion, crime and other social evils are reduced in towns.
- Creates employment opportunities in rural areas.
- Reduces consequences of war or natural calamities, which would arise if firms were located in one area.

- Offers market for locally produced goods/raw materials.

6. Effects of transactions.

Transaction	Assets	Liabilities	Capital
a)	(-)	(-)	NE
b)	(-)	NE	(-)
c)	(+)	(+)	NE
d)	(+)	NE	(+)

7. Differences between a partnership and sole proprietor form of business.

Partnership	Sole proprietor
➤ Owned by two or more people.	➤ Owned by one person.
➤ Duties and ide can be shared.	➤ No sharing of duties.
➤ No secrecy	➤ Allows for top secrecy.
➤ Slow decision making.	➤ Fast decision making.
➤ Profits\losses are shred.	➤ No sharing of profits\losses.
➤ Wider sources of capital.	➤ Few sources of capital.

8. Ways in which government may control inflation.

- Restricting the lending capacity of commercial banks.
- Selling government securities.
- Controlling public sector spending.
- Restricting terms of hire purchase and credit sale.
- Increase in income taxes.
- Subsidizing production.
- Producing commodities that are in short supply.
- Reducing tax on production.
- Curtailing powers of trade unions.
- Avoiding importing materials that would bring imported inflation.

9. Factors that may lead to low levels of national income.

- Reduced labour supply.
- Poor natural resources endowment.
- Low level of technology.
- Low level of technology.
- Political instability.
- Negative attitude of citizens towards work.
- Large subsistence sector.
- Reduced foreign investment.
- Poor entrepreneurial skills.
- Low levels of capital.

10.

Nyanja A\c

Date	Particulars	Amount (Shs.)	Date	Particulars	Amount (Shs.)
May 1	Bal b\ld	50,000	May 20	Sales returns	3,000
May 9	Sales	40,000	May 29	Bank	85,000
			May 29	Discounts allowed	2,000
		90,000			90,000

11. Reasons why Q demands more of commodity X at every price than P.

- Q may be having a large family that requires more of commodity x than P.
- Q may be having a higher income than P.
- Q may be lacking substitute for commodity X which P has.
- Q may be living in a geographical/climatical region favouring demand for commodity X.
- Q may be having a more positive attitude towards commodity X than P.

12. Benefits of advertising to a consumer.

- Consumers get information about offers available.
- Informs consumer where to get the advertised product.
- Enables the consumer to compare various products.
- Creates competition resulting to high quality products.

13. Measures that can be taken to safeguard the organization's property.

- By ensuring that proper records of all the organization's property are kept.
- By ensuring the maintenance of all the organization's property.
- Installing control measures to minimize theft.
- Educate the employees on security measures.
- Install an efficient filing system for documents.
- Taking insurance cover for the property.
- Installing CCTV cameras for security purposes.

14. Factors that may limit development of international trade.

- Political differences between countries.
- Complicated export and import procedures.
- Protectionist policies adopted by some governments.
- Unpredictable fluctuations in foreign countries.

15. Micro-environmental factors that might positively influence the performance of a business.

- Availability of adequate financial resources.
- Appropriate labour resources.
- Favorable business culture.
- Appropriate business structure.
- Appropriate management skills.

16. Circumstances under which a business person may prefer to transport goods by air.

- Where goods are urgently needed.
- Where security of goods is very necessary.
- Where alternative means of transport are not available.
- Where goods are perishable/require short time to transport.
- Where the distance to be covered is relatively long.

17. Qualities needed for a commodity to function as money.

- Should be generally acceptable.
- Should be divisible into smaller units.
- Should be portable.
- Should be fairly scarce.
- Should be stable in value.
- Should be fairly durable.

18. Circumstances under which capital of a business may change.

- When new capital is introduced.
- When business realizes a profit.
- When business suffers a loss.
- Incase of drawings by proprietor.

19. Factors that are likely to cause a deficit in balance of payments.

- Fall in volume of exports.
- Increase in volume of imports.
- Restriction by a country's trading partners.
- Revaluation of domestic currency.
- Use of inappropriate technology.
- Increase in prices of exports.

20. Importances of intermediaries in the distribution chain.

- Help in breaking bulk.
- Help in transportation of goods.
- Store goods until consumers require them.
- Enable consumers to get a variety of goods and services.

- Accumulate bulk for those who require large quantities.
- Help in product promotion.
- Financing producers.
- Reducing the number of transactions between consumers and producers.

21. Ways in which consumers would suffer if there were no warehousing facilities.

- No constant supply of goods/shortages/delays in delivery.
- Goods would be more expensive/fluctuations in prices.
- They would receive goods that might have gone bad.
- They might receive goods that are not prepared for sale.
- Buyers may not get a chance to inspect the goods before buying.

22. Reasons that may make planning difficult in developing countries.

- Inadequate and unreliable data.
- Inappropriate planning models.
- Existence of a comparatively large subsistence sector.
- Inadequate qualified manpower
- Problem of controlling the private sector.
- Reliance on foreign experts.

23. Calculating closing capital.

Capital 1 st January	Assets	Shs.
	Motor Vehicles	400,000
	Debtors	36,000
	Bank	16,500
	Stock	<u>52,000</u>
	Total	<u>504,500v</u>
	Less bank loan	<u>38,550</u>

Capital 31st December 465,950v

$$CC = OC + AC - NL - D$$

$$CC = \text{Sh}(465,950 + 5000 - 68,450 - 35,000)v$$

$$= \text{Shs. } 367,470v$$

(4×1 mk=4 mks)

24. Benefits that a member may derive from a savings and credit co-operative society.

- Able to obtain loans.
- Low interest rates charged on loans.
- Provide a convenient way of saving.

- A member may earn bonuses/dividends.
- Few formalities required when borrowing.
- Loans are written off in case a member dies.
- Advice is given to members.
- No collateral is required except shares when borrowing.
- Reasonable loan repayment period.

25. Reasons that justify the provision of essential services by the state instead of leaving them to the private sector.

- To prevent exploitation of the public by the private sector.
- Some utilities are risky and sensitive to be left in the hands of the private investors.
- To establish monopolies in areas of public interest.
- Certain utilities require heavy initial capital not affordable by private investors.
- Some utilities are essential but non-profitable.