**FORM 4 MARKING SCHEME**

**MID - TERM 2 EXAMS**

1. a) Margin = Gross profit X 100%

 Sales

500,000 – (320,000 + 80,000 – 40,000

 500,000

 140,000 X 100% = 28%

 500,000

b) Current Ratio

 Current Asset = 2:1

 Current liabilities

c) Rate of stock turnover

 Cost of sales = 360,000 = 360,000

 Average stock 80,000 + 40,000 120,000

 = 3 times

2.

 i) Lack of adequate information/ accurate information.

ii) Inadequate financial resources.

iii) Inadequate human resources

v) Inadequate/ lack of political good will.

vi) Bureaucratic rigidities.

Consumer price = Price of the commodity in the current year X 100%

 Price of the commodity in base year

2018: 53 X 100% = 113% = 112.76%

 47

2019: 62 X 100% = 131.9 = 132%

 47

2020: 74 X 100% = 157.4 = 157%

 47

2021: 80 X 100% = 170.2 = 170%

4. i) Maximum social benefit.

ii) Flexibility

iii) Sanctions

iv) Economy

v) Proper financial management

5. i) Use of alternative source of energy

ii) Set maximum price legislation

iii) Reduce tax on the product

iv) Improve road networks

v) Increase tax on complementary goods

vi) Encourage public service vehicles with higher carrying capacity.

6. i) Decreasing the volume of imports.

ii) Increasing the volume of imports

iii) Encouraging foreign investment into

iv) Devaluation of currency.

v) Restricting outflow of capital

7.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date  | Particulars | Folio | DR | CR |
| 2010October 10October 23 | K. Likia a/c stationery(being a record of sale of stationery on credit)Motor vehicle a/c Onjwana motors a/c(Being a record of purchase of motor vehicle on credit) |  | 3000700,000 | 3000700,000 |

8. 4P + 50 = 8P + 30

 50 – 30 = 8P – 4P

 ~~20~~5 = 4P

 ~~4~~1  ~~4~~

 P = 5

Equilibrium price shs 5 Equilibrium quantity

 4P + 50

 4 X 5 + 50

 = 70

9. a) i) Payment for goods and series

ii) Factors of production (land, labor, capital, entrepreneur)

b) i) Payment for factor inputs

ii) Sale of goods and services

10. i) Giving and obtaining information

ii) Clarifying issues and points

iii) Enhancing public relations

iv) Starting and influencing action

v) Improving customer service

vi) Giving instructions

vii) Coordinating department of the firm

11. i) Increase level of input

ii) Improvement of service delivery

iii) Saving on production time

iv) Standardization of production

v) Lower production of waste

vi) Reduction of waste

vii) Better quality goods.

12. i) Ensure fair play in competition

ii) Ensure rights of employees are protected

iii) Ensure that the right people are assigned the right jobs

iv) Ensure that the customers are always fairly treated.