



# **CEKENAS END OF TERM TWO EXAM-2022**

*Kenya Certificate of Secondary Education. (K.C.S.E)*

## **MARKING SCHEME**

### **BUSINESS PP2**

**565/2**

- i.) Output per worker is greatly increased thus increased productivity**
  - ii.) Encourages invention and innovation thus reducing the cost of production**
  - iii.) High quality goods and services are produced thus attracted more demand**
  - iv.) It saves on time thus maximizing on available labour**
  - v.) Production is faster and efficient thus enable continuous supply and meet unexpected demand**
  - b.i.) Workman's compensation policy as it covers workers who may be injure in the course of their duties**
  - ii.) Cash on transit policy to cover any loss of cash enrout the bank**
  - iii.) Fidelity / guarantee policy so as to cover any loss caused by dishonesty of workers**
  - iv.) Fire policy which covers the losses caused by incidences of fire**
  - v.) Sprinkle leakage policy to cover against leakage of fires fighting sprinkles affixed in the premium**
  - vii.) Goods on transit policy to cover goods being transported to/from the premium**
  - viii) Windows/ glass policy – to0 cover damage to the windows and glass to the premises**
- 2.a.i.) Saction –Must get necessary approval from relevant authorities**
- ii.) Maximum social benefit- The benefit of expenditure should spread to a considerable number of residence**
  - iii.) Flexibility –should be need driven /Change according to prevailing situation in the country/county**
  - iv.) Economy – Implement should ensure more money is allocated to tangible projects through in policy formulation and procedures**
  - v.) Proper financial management -Implementers should have sound management policies to ensure no wastage of funds**
- 2bi.) The decision of what goods and services to include**

- ii.) Difficult to value goods not sold in the market
  - iii.) Income generating activities that are considered illegal are not included
  - iv.) Difficult to value goods kept as stocks especially in the private sector
  - v.) Difficult to measure the cost of wear and tear
  - vi.) Difficult to differentiate the primary and intermediate output
  - vii.) Difficult to value government output since they are not sold in the market
- 3.ai) Help the society to appreciate the role of business in the provision of goods and services
- ii.) The community will understand the role of the government in business
  - iii.) The community will have positive attitude towards work
  - iv.) Equips the members of the community with skills to start and run a business
  - v.) Make the society appreciate the need for good business management practice
  - vi.) Equips the society with knowledge of role of business in the society
  - vii.) Assort members of the society to relate knowledge skill and attitude acquired to the day to day running of the business

**KATIBA TRADERS**  
**TRADING PROFIT & LOSS ACCOUNTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DEC 2012**

<b>Opening stock</b> 35000 <b>Add purchase</b> 60,000 <b>Add carriage inward</b> 27900 <b>Less return out</b> 4500 <b>Costs of goods available for sale</b> 118,400 <b>Less closing stock</b> 26400 <b>Cost of goods sold</b> 91900 <b>Gross profit c/d</b> 9600	<b>Sales</b> 120,000 <b>Less sales return</b> 18500 <b>Net sales</b> 10,500
<u><b>Expense</b></u> <b>Carriage outwards</b> 29400 <b>Salaries</b> 14400 <b>Bad debt write off</b> 2000 <b>Rates</b> 36900 <b>Discount allowed</b> 6900 <b>Electricity</b> 25000 <b>Net profit c/d</b> 88200	<b>Gross profit b/d</b> 9600 <u><b>Add revenue</b></u> <b>Rent income</b> 100,000 <b>Discount received</b> 6800
<b>114600</b>	<b>Net profit b/d</b> 114600 <b>88200</b>

- 4.a.i) Speedy delivery of goods – Foster / timely distribution
- ii.) Large bulky goods – carry more good at once / reduce cost
- iii.) Lower the cost of transport – producers pay them
- iv.) Reduces damage on congestion – Reduces traffic jam and accidents
- v.) Reduces damage on roads –Most trucks will be so replaced by train
- vi.) Comfortable commuter service – Passengers can be moved conveniently
- vii.) Reduces pollution –Environmentally friendly

4 b.i.) Widening market due to increase demand

- ii.) Better utilization of resources as the people compete for the scarcely available resources
- iii.) Creates a pool of labor supply thus creates availability and lower cost of labour
- iv.) Enhances creativity as people scramble for the limited opportunities / resources
- v.) Promotes labour mobility as people seek greener pasture
- vi.) Stimulates investments due to limited employment opportunities/ reduce poverty levels

**Sales Journal**

Date	Particular	Invoice no.	L.f	Amount
March1	Ochupe			200,000
March1	Njeri			180,000
March5	Mwangi			320,000
March5	Abdalla			175000
March5	Ochupe			135000
March 29	Njeri			220000
March29	Njau			150,000

**Sales Requires Journal**

Date	particular	Credit note no.	L.f	Amount
March 8	Ochupe			2800
March 8	Njeri			3100
March 30	Njau			2300

**Particular Journal**

Date	particular	Credit note no.	L.f	Amount
2/3	Chebet			150,000
2/3	Wambua			700,000
2/3	Alfred			18,500

**Cash payment Journal**

Date	particular	receipt no.	Discount received	Cash	Bank
2/3 27/3	Advertisement exp Expenses wambui		35000	4,800 665,000	

**Cash payment Journal**

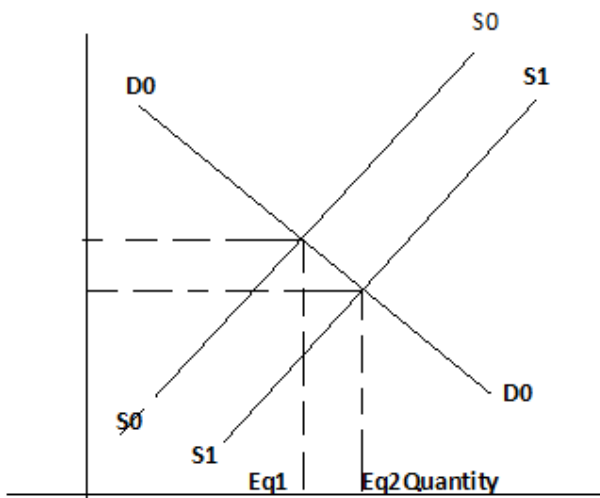
Date	particular	receipt no.	Discount allowed	Cash	Bank
28/3	Rent				5200

**Purchase**

Date	particular	Credit note no.	L.f	Amount	
26/3 12/3	Chebet Alfred			30,000 25000	

- 5.b.)
- i.) Saves time
  - ii.) Withdrawal can be done any time
  - iii.) They are conveniently placed
  - iv.) Have access to account balance
  - v.) Can pay utility bills
  - vi.) Cheap to operate
  - vii.) Safer to use
  - viii.) Can deposit money in bank account
  - ix.) Can withdraw money from the bank

6a.)



A decrease in cost of production will increase the quantity supplied resulting to

- i.) A forward shift of the SS curve
  - ii.) Increase equilibrium quantity
  - iii.) Reduced equilibrium price
  - iv.) A forward shift of the equilibrium point
- b.i.) Franchising – Where a business permits another the right to manufacture, distribute its products using the name of the firm that gives the right at a fee
- ii.) Amalgamation / mergers- Two or more business combine to form one new business
  - iii.) Holding companies - A company that requires 51% or more ownership or more companies which will be subsidence's and her control but separate identities
  - iv.) Check of system – Money is deducted at the source by the employees and submitted to the SACCO
  - v.) Burial benevolent fund - A system by SACCOs to assist members financially for burials
  - vi.) FOSA – Account provided by the SACCO to their members to enable deposit or withdraw money currently
  - vii.) Globalization – Businesses conduct their full all over the world through technology such as e-commerce
  - vii.) Cartels – A group of wild companies that has agreed work together in order to control output market and price of their goods and services