**BUSSINESS MARKING SCHEME**

1. Four circumstances under which a kiosk owner in Thika town will insist on cash with order terms of payment

(i) When the buyer is new to the seller

(ii) If the seller requires working capital.

(iii) Where the seller went to the cost of maintain a lot of debtors records.

(iv) Where the creditworthiness of the customer is in doubt.

(v)Where the seller requires cash urgently.

(vi) If C.W.O is the business policy.

(vii) Where the seller want avoid bad debts.

(viii) Where the seller is operating a mail order business.

(ix) Incase the buyer is new to the seller.

(x)If the seller want to minimize the cost of collecting debts.

2. Four macro environment that may affect a business negatively.

(i) Unfavourable government polices.

(ii) Poorly developed infrastructure.

(iii) Political instability.

(iv) Unfavourable natural factors

(v) Stiff competition

(vi) Negative social-cultural factors.

(vii) Unfavourable economic factors/Natural calamities.

 (viii) Unsteady and unreliable supply.

(ix) Strong consumer bargain power.

(x) Low population

(xi) Inarticulate technology.

3. Four ways in which the government may create an enabling environment.

(i) Training and educating entrepreneurs.

(ii) Promisor of subsidies.

(iii) Formulating favourable policies to protect local industries from foreign competition.

(iv) Loan guarantee.

(v) Marketing final products of producers.

(vi) Giving incentives such as tax wavers and holidays.

(vii)Ensuring political stability.

 (viii) Training and educating population to create a pool of sailed labour.

4. Four ways in which small scale farmers benefit from activities of producer cooperative societies.

(i) May receive input at fair prices and on credit

(ii) May get transport facilities for product to the mark.

(iii) May get better storage facilities

(iv) Fay be educate on better production methods

(v) May benefit from processing grading and packing of his produce.

(vi) Society negotiates for better prices for the farmers produces.

(vii) The farmer may get loans on easy terms and conditions

(viii) The society search for ready market for the farmers produces.

5. Four sources of monopoly power.

(i) Control and ownership of source of a strategic input.

(ii) Exclusive rights given by the government,

(iii) Small size of the market at is best served by one from.

(iv) High initial capital requirement.

(v) Ownership of production/patent/copy rights

(vi) Greater internal economies of scales.

(v) Absorption/ merger/acquisition of firms to form one large firm.

6. Subsidiary book Source document

(i) Sale journal Sales/outgoing/issued invoice

(ii) Purchases journal Purchases/incoming/Received/invoice

(iii) Returns inwards Outgoing/issued credit note

(iv) Cash payment journal Received/incoming cash receipt.

7. Four factors that influences transaction motive

(i) Interval between income receipts

(ii) Number on dependents

(iii) Individual’s level of income

(iv) Individual’s spending habits

(v) Availability of credit

(vi) Rate of inflation/ price of products.

8. Four reasons why a business may be located near the source of its raw materials

i) If the raw materials are highly perishable

(ii) Incase the raw materials are heavy and bulky than the finished.

(iii) If it is the government policy

(vi) If the raw material are bulky

(v) Where the is save on the cost of transportation

9. Four factors that may necessitate re-insurance

(i) Need to create clients confidence

(ii) Need to speed risks

(iii) Requirement by the government

(iv) Incase the insurance firm has insured many risks

(v) If the value of the property insured is high

(vi) Chances of losses occurring is high

10. Four ethical practices in product promotion a trader should observe.

(i) Avoiding cheating on the ingredient of a product.

(ii) Avoiding false pricing

(iii) Awarding environmental pollution

(iv) Avoiding portraying rival business negatively

(v) Complying to government laws

(vi) Avoiding false advertising

(vii) Not cheating on the product performance

(viii) Avoiding conflict with social-cultural values of consumers.

11. Four factors which account for continued existence of small scale firms despite of benefit enjoyed by large firms.

(i) Requires little capital to start.

(ii) Small businesses are easy to manage.

(iii) Small size of the market that is best served by small firms

(iv) Government legal constraints

(v)Small firms are flexible

(vi) Decision making is fast

(vi) Business scarcest are maintained

(vi) Owners wish to remain small

12. Four reasons why one preferred a letter to telephone to communicate.

(i) Letters provide record for future reference and evidence

(ii) Letters provide confidentiality than telephone

(iii) Letters are relatively.

(iv) Letters can be provided to many copies

(v) Where the message in not urgent

(vi) Where immediate feedback is not required

(vii) Letter can communicate more detailed information.

(viii) Where the recipient is literate

13. Maendeleo Trader

Trading A/C

 For the year ending 31st December 2021

Opening stock 30,000 Sales 400,000

Purchases 670,000

AFS 700,000

Closing stock 500,000

C.O.G.S 200,000

Gross profit 230,000

 400,000

14 BoraBora Traders

 Trial Balance

|  |  |  |
| --- | --- | --- |
| Details | Dr | Cr |
| Capital |  | 17,000 |
| Cash | 10,000 |  |
| Returns inwards | 5,000 |  |
| Rent | 15,000 |  |
| Sales |  | 40,000 |
| Purchases | 30,000 |  |
| Commission received |  | 8,000 |
| Drawings | 5,000 |  |
|  | 65,000 | 65,000 |

15. Four assumptions to the circular flow of income in a two-sector economy

(i) There are only two player in the economy- household and firms

(ii) House hold spend all incomes in goods and service without saving.

(iii) Firms spend all their revenues on purchases of factors of production.

(iv) There is no government interference

(v) The economy is closed there no exports or imports.

(vi) All output produced by firms is purchased by household

There is no surplus

(vii) There is no injection of income

16. 3 ways of safe guarding organization properties

(i) Ensuring security through eg CCTV, employing security guards.

(ii) Taking insurance covers

(iii) Proper repairs and maintenance

(v) Physical stocking taking.

(vi) Maintaining records of assist movement.

 17. Four features of a bonded warehouse.

(i) Are located at entry pints.

(ii) Are meant for storage of exports and imports

(iii) Requires a release warrant for goods to be released from the warehouses.

(iv) Works hand in hand with custom duty officials

(v) Custom duty payment is exempted if goods are re-exported.

(vi) Custom duty burden is transferred to the new buyer if goods are sold while in the warehouse.

(vi) Guarantees custom duty payment.

(vii) Goods can be auctioned by the government if not collected from the warehouse within the stipulated period of time.

18. 4p +50 = 80+30

 8p – 4p = 50-30

 4p = 20

 P = sh 5.

Equilibrium price = sh 5

Equilibrium quantity = (4x5) + 50

 =70

19. Four factors that may be considered when measuring the size of the firm.

(i) Volume of sale

(ii) Size of the market served.

(iii) Initial capital invested

(iv) Methods of production used.

(v) Number of employees

(vi) Floor space occupied by the firms premises.

20. Four features of linear in sea transport

(i) Ferry passengers or Cargo

(ii) Follow a regular timetable or schedule

(iii) Call at ports at regular intervals

(iv) Follow a regular route

(v) Charges are fixed

(vi) Have fixed/ follow regular route

(vi) Form associations called conferences to protect themselves against unfair competition.

21. Small scale retail business without on shop.

(i) Automatic vending machine

(ii) Open air market trading

(iii) Online selling

(iv) Hawking

(v) peddling

(vi) Road-side- serving

22. (a) mining – primary

(b) \oil retiming – secondary

(c) Insurance – Tertiary

(d) Teaching – Tertiary

23. Factors to consider when selecting a chance to distribute

(i) Cost of the channel

(ii) Geographical spread of the customers

(iii) Level of cooperation

(iv) Government policy

(v) Reliability of the channel

(vi) Perishability of the milk

(vi) Calculability of middlemen

(v) Availability of distribution resources.

(v) Goods size of the market

24.Positive implication of a youthful population

(i) Less expenditure on social security and pension

(ii)Wide market for goods meant for the youth

(iii) Guaranteed continuous supply of labour

(iv) Flexibility and adaptability to technological changes which improve production.

(v) Faster growth in sectors like music fashion and fast food industries.

(vi) Increased incretion due to youth’s adventurous nature.

25. (a) Increase

(b) No effect

(c) Decrease

(d) Decrease