**COUNTY LINK GROUP**

**COMMON EXAMINATION**

**END OF TERM II FORM 4 -2017**

**BUSINESS MARKING SCHEME**

**PAPER 2**

1. (a) *Measured taken to improve the internal environment of a business.*
2. Hiring competent staff/ personnel / labour
3. Availing adequate finances/ funs for business operations
4. Availing adequate and modern physical facilities such as machinery & land buildings
5. Initiating scientific though in productions process to make work easier.
6. Building cohesion/ team work and appositive attitude toward work among all people in the firm
7. Making timely decision such as change of objectives, change of management e.t.c
8. Establishing a sound managerial structure in the firms.
9. Establishing a found managerial structure in the firm

(b)

*NDUNGU HARDWARE DEALERS*

*TRADING, PROFIT AND LOSS ACCOUNT*

*FOR THE YEAR ENDED 31/12/2015*

|  |  |
| --- | --- |
| Sh | Sh |
| Opening stock 80,200  Add purchases 1,120,000  Carriage in 40,000 1,160,000  1,240,200  Less Return out 12,600  COGAFS 1,227,600  Less closing stock 55, 000  Cost of sales 1,172,600  Add gloss profit cld 686,600  1,859,200  Lighting 40,000  Insurance 60,000  Repairs 230,000  Net profit 363,400  694,100 | Sales 180,000  Less return in 20,800  1,859,200  1,859,200  Gross profit blc 686,600  Discount 7,500  694,100 |

(ii) Capital retuned = 8110,000 +363400 =8,473,400

ROCI =

(1x2 =2mks)

1. (a) *Factors that contribute to high national income*
2. Adequate natural resource/ land
3. Availability of skilled labour
4. Use of science/ technology in production
5. Political stability
6. Good state of infrastructure/ capital
7. Desire by citizen to take risks in investment/ entrepreneurship
8. Relevant legal framework/ laws and rule of law

(b) *Advantages of public limited companies*

1. Wide range of capital sources/ large collaterals
2. Limited liability of the shareholders
3. Easy change of ownership from person to person transfer of shares
4. Perpetual existence/ long life/continually
5. Managerial/ labour economies
6. Great public trust/ goodwill/ support
7. A good sence of accountability and assurance/ adherence to high performance standards
8. (a)

|  |  |
| --- | --- |
| Oligopoly | Perfect competition |
| 1. The market has few players/ supplied/ firm 2. Supplier competitive have different scale of operation 3. Firm are prices givers 4. The products is differentiated 5. The industry has barriers on entry 6. Knowledge of both firms and buyers may be limited 7. Firms may be located in different parts/ away from buyers 8. There may be government involvement | 1. The market has very many suppliers 2. Firms have Uniform size 3. Firms are prize taken from forces of demand and supply 4. The product is identical/ homogeneous 5. The industry is open for entry or exit of firms 6. 6. There is perfect knowledge of the industry by all players 7. Firms are located in all areas and in the same site in the buyers 8. The industry has no government influence |

(b) *Measurers to curb unemployment*

1. Creating an enabling business environment for the private sector
2. Adopting labour intensive methods of production
3. Adopting a relevant education system that stimulates innovation.
4. Diversity economic activities
5. Increasing government expenditure
6. Rural development
7. Encouraging foreign investment
8. Encouraging use of locally available economic resources
9. Controlling growth of the populations
10. *Functions of an office*
11. Receiving / recording/ gathering / capturing information
12. Filling/ keeping / storing information systematically
13. Sending / disseminating/ mailing/ distributing information
14. Reproducing/ replicating documents/information
15. Safeguarding organizational property
16. Public relations activities/ building a firm image.
17. (a) Factors that may cause a shift in supply curve of sugar to the left.
18. Increase in costs of production. Higher price of inputs such as price of raw sugar cane may cause a decline in supply of sugar.
19. Shortage of factors of production such as sugar farmer (entrepreneurs), labour and finance for sugar production.
20. Incidence of natural calamities such as disease drought or floods lowering production of sugar.
21. Decline in technology on production of sugar using old techniques results in lower yields e.g use of hoes in farms.
22. Long durations required to increase production of sugar
23. Withdrawal of firms forms the sugar industry. Unattractive returns from the industry could trigger this exist.
24. Introduction of harsh government tax policies such as heavy taxes on sugar inputs.
25. Withdrawal of or government subside on sugar.
26. Implosions of quotas on import of sugar.
27. Imposing a low price cap/ceiling to sellers of sugar.
28. Expectations of an increase in price of sugar in future. Hoarding may arise

(b) Positive contribution of central bank in economic development – Kenya

1. It expands lending making investment hider which creates many job opportunities
2. It helps ensures there is stable currency – this makes expert earning greater.
3. It limits imports through controlling licenses issued to important. This protects local industries against stiff foreign competition.
4. It encourages citizens to serve and invest in the highly rewarding treasury bills and bounds.
5. It safeguards funds deposited in commercial banks by citizens by enforcing strict/straingent operations guidelines.
6. It helps in redistributing income. It gives proper advice to the government on areas of the economy which need more support.
7. It monitors and checks inflations and deflation thereby enabling citizen to have stable purchasing power.
8. (a) measurers taken to correct balance of payment deficit
   1. Increasing tax on imports
   2. Imposing quotes on imports
   3. Limiting foreign exchange allocation
   4. Making importations complicated/ introduce administrative bottlenecks
   5. Establish an expert compensation scheme
   6. Diversely foreign markets for an exports
   7. Offer refunds on tax for importing inputs (introduce customer drawback)
   8. Lobby for removal of foreign trade restrictions/ barriers
   9. Devalue local currency
   10. Reduce outflow of capital/ fight of rewards to factors form the economy

(b) (i) Ledger accounts

Kiptoo

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| --- | --- |
|  |  |
| 1/1/2016 balance bld 600,000  600,000  5/1/2016 Balance bld 560,000  Land and  1/1/2016 bld 1,500,000  1,500,000  5/1/2016 Balance bld 1,200,000  Cash  1/1/2016 Balance bld 150,000  3/1/2016 Kiptoo 40,000  190,000  5/1/2016 Balance bld 190,000  Bank  1/1/2016 Balance bld 200,000  5/1/2016 Land & buildings 300,000  5/1/16 capital 200,000  700,000  5/1/2016 bld 648,000  2/1/2016 Bank 52,000  5/1/216 bld 52,000 | 3/1/2016 cash 40,000  5/1/2016 Balance cld 560,000  600,000  Buildings  5/1/16 Bank 300,000  5/1/16 balance cld 1,200,000  1,500,000  5/1/16 cld 190,000  190,000  2/1/16 purchases 52,000  5/116 balance cld 648,000  700,000  5/1/2016 balance cld 52,000 |

CAPITAL A/C

|  |  |
| --- | --- |
| 5/1/16 Balance cld 2,810,000  -2,810,000 | 1/1/16 Balance bld 2,610,000  5/1/16 bank 200,000  2,810,000  5/1/16 Balance bld 2,810,000 |