MARANDA HIGH SCHOOL

Kenya Certificate of Secondary Education

POST-MOCK 1 EXAMINATIONS 2021

CONFIDENTIAL

MARKING SCHEME

MR. NDUNDE - 3

1. (a) **Explain five advantages of office machine.** **(10mks)**

(i). They are **labour saving**- when a machine is ~~need~~ uses only a few staff are required hence saves ~~time~~. wages

(ii). Operating by machine are faster hence saves on time.

(iii). Operating by machine are accurate-machine produces exactness of the work.

(iv). The output of machine is presentable-the final product of a machine is of high quality.

(v). Machine helps to control ~~teaching~~ stealing in the organization-machine have ~~gages~~ gauge or meters that record transaction hence reducing fraud.

(vi). Products produced by machine are uniform-commodities are similar.

(vii). Saving on cost-machine unlike labour are more economical in terms of cost per unit.

(b). **Explain five circumstances under which a manufacturer may prefer to sell goods directly to the consumer.** **(10mks)**

in case

(i). When the market is concentrated at one area since the cost involved in accessing the market would be low.

(ii). When size of the market is small so that it maintain its customers/to avoid losing customers.

(iii). When the goods are perishable so as to minimize on spoilage that avoids ~~lead to~~ loss.

(iv). When the firm is financially strong to open its own retail outlets.

(v). Where the firm wishes to have direct contact with customers to enforce customers loyalty ~~on~~ in order to get direct feedback.

(vi). Where demonstration is required in the market so that they explain the operation of the commodity to the customers. / Consumers.

2. (a) **Explain five reasons why trader would prefer to transport good by train instead of road. (10mks)**

No splitting

(i). When he wants to plan for transportation of goods because train follow fixed time schedule unlike road.

(ii). If the good are bulk since train has large carrying capacity than road.

(iii). If the goods are to be transported over a long distance because it is cheaper by train than road.

(iv). It is safer to transport goods by train than road because accidents are rare on trains.

(v). If trader has a variety of special goods that required special facilities which the train has unlike road.

(b) **Explain five external business environment that may positively affect the operation of the business. (10mks)**

interest rate / price Levels / inflation / taxes

(i). Favorable economic environment- increase in the consumers' income will increase sales volume of the firm.

(ii). General increase in population- a growing population creates a wider market for goods/services/provide labour.

(iii). Favorable legal political- political stability creates a conducive environment for expansion of the business.

(iv). ~~Use of advanced technology~~ Favourable technological changes - will lead to high quality and quantity of goods that attract more customers.

(v). Favorable cultural environment- it influences on the type of business to start.

(vi). Adequate physical environment- which provide raw materials to the firm/facilitate movement of goods/provide site for location of business.

(vii). Favorable competitions- least competition enables the firm to incur less overhead cost.

3. (a) **Explain five functions of wholesalers to the producers. (10mks)**

No splitting

(i). The wholesalers buy goods from the producers and sells them to retailers. This relieves ~~wholesalers~~ producers the problem of distribution.

(ii). The wholesalers relieve of producers the risk of fall in price due to excess supply by buying from producers regularly.

(iii). Saves the producers of the problem of ~~slowing~~ storage by buying in large quantities.

(iv). Wholesalers prepare goods for sale which would have been done by producers.

(v). Wholesalers engage in product promotion e.g. advertising hence relieving of ~~products~~ producers.

(vi). Wholesalers buy goods from producers on cash. Hence provide finance to producers which enable them to ~~consume operating~~ continual operating.

(vii). Wholesalers carry market research about demand which they pass the information to producers.

(b) **Explain five features of monopolistic competition. (10mks)**

No splitting

(i). There are many buyers and sellers which act independently.

(ii). No barrier to entry or exit into the market. Anyone is free to join the industry ~~as~~ at will and leaves as he wishes.

(iii). Products sold are similar but different in terms of branding packaging.

(iv). Buyers and sellers have wide knowledge about the market i.e. price, quality and quantity.

- Market research
- Distribution
- Risk of fall in price
- Storage
- Prepare goods for sale.
- product promotion
- Provide finance

(v). No single firm has control over the factors of production that can enable it enjoy monopoly.

4. (a) **Explain five disadvantages of free trade to a country**

Splitting

i). Loss of government revenue in form of import and export duty on the goods being imported or exported

ii). Closing down of local industry as a result of cheap imported goods from member communities

iii). May cause unemployment where more qualified people move into the country form their countries

iv). Limited consumer choice that lead to lower standard of living

v). Compromising a country's political ideology of the country ~~is~~ it persuing different political ideology in order to fit in the bloc .

vi). Loss of opportunity to obtain cheaper commodities from non member countries that forces consumer to buy goods produced in the bloc.

(vii) importation of inferior goods

(viii) A country that may be tempted to adopt technology that is not ... level of dev.

(ix) Un-favourable balance of payments, when imports are higher than exports

(b). **Give five differences between whole life and endowment policy. (10 marks)**

Whole life	Endowment
i). Covers the assured throughout his/her life	Covers the assured for a specified period of time
ii). Compensation is paid only when the assured dies	Compensation is paid on maturity date or death of the assured whichever come first
iii). Covers the family I.e assure doesn't benefit	Covers the assured and the family
iv). Premiums are paid throughout the ~~period~~ life	Premiums are paid for a specified period of time
v). Is not a saving plan for the future	Is a saving plan for the future.

5. (a) **Explain five advantages of advertising to the business.** **(10 marks)**

i). Creates awareness of the firm's products to the potential customers especially the / if / the firms in new/ the product is new on market

ii). Help increase sales volume of the firm that translate to higher profit

iii). Popularise the firms products and this encourage frequent use of the product

iv). Reminds the consumers about continued existence of the firm's products. This enable the firm to maintain its market share.

(vi) inform the customer about changes in price/quality.

(v) upholding the image/ reputation of the organisation

(vii) ~~Compliments efforts of sa~~

(b) **The following trial balance was extracted from the books of Bondo traders as at 31st july 2020**

Particulars	Dr	Cr
Land and building	900,000	
Motor vehicles	500,000	
Furniture	15,000	
5 year loan (KCB)		200,000
Debtors	25,000	
Stock	40,000	
4 year loan (Equity)		150,000
~~Cast~~ Cash at Bank	16,000	
Cash at hand	10,000	
Salary owing		20,000
Creditors		50,000
Capital		1,086,000
	1,506,000	1,506,000

Required

i. Prepare Balance Sheet as at 31st July 2020 in the order of permanency. (7marks)

ii. Using the balance sheet prepared:

Determine

working capital (1 mark)

Capital employed (1 mark)

Borrowed capital (1 mark)

Bondo traders

Balance Sheet

As at 31st July 2020✓✓

	Shs	Shs		Shs	Shs
Fixed Assets			Capital		1,086,000✓
Land & Building	900,000✓				
Motor vehicle	500,000✓		Long term liabilities		
Furniture	15,000✓	1,415,000	5 year KCB loan	200,000✓	
			4 year Equity loan	150,000✓	350,000
Current Assets					
Stock	40,000✓				
Debtors	25,000✓		Short term liabilities		
Cash at bank	16,000✓		Creditors	50,000✓	
Cash in hand	10,000✓	91,000	Salary owing	20,000✓	70,000
		1,506,000			1,506,000

14 x 1/2 = 7 marks

Working capital = total current assets - total current liabilities

= 91,000 - 70,000 ✓

= 21,000 ✓ 2 x 1/2 = 1 mark

Capital employed = total assets - current liabilities

= 1,506,000 - 70,000 ✓ 1 mrk

= 1,436,000 ✓ 1 mrk

Borrowed capital = total long term liabilities

= 350,000 ✓ 1 mrk.

6. (a) **Give four difference between private company and public company. (10 marks)**

Private limited company	Public limited company
i). Formed by minimum of 2 Shareholders	Formed by Minimum by 7 shareholders
ii). Maximum 50 shareholders	No maximum number of shareholders
iii). Shares are not freely transferable	Shares are freely transferable
iv). It commences immediately it receive certificate incorporation	Wait for certificate of trading
v). Not a must for books of account to be audited	Books of account are audited annually
vi). Cannot draw prospectus	Must prepare a prospectus

(b) **Onyango traders had the following transactions during the month of february 2018**

Feb; 4th paid salaries by cash shs. 2,100 voucher no. 2143.

6th paid Magucha by cheque shs. 3,200 receipt no. 0129.

8th paid electricity by cash shs. 1,500 receipt no. 3104.

12th paid Kamau by cheque shs. 7,000. receipt no. 1139.

15th cash purchase of shs. 3,500 by cash receipt no. 13.09.

20th paid wages shs. 2,000 by cash voucher no. 2144.

25th paid Musumba by cheque shs. 1,500 after deducting a cash discount of shs. 50 receipt no. 0130.

Required: prepare relevant journal. Cash payment journal ~~(10 marks)~~ ✓

Date	Particular	Receipt no.	L F	Discount received	Cash	Bank
2018						
Feb 4th	Salaries	2143	G.L		2100✓	
6th	Magucha	0129	P.L			3,200✓
8th	Electricity	3104	G L		1500✓	
12th	Kamau	1139	P.L			7,000✓
15th	Purchases	1509	GL		3,500✓	
20th	Wages	2144	GL		2,000✓	
25th	Musumba	0130	GL	50 ✓		1,500✓
	Total to be posted to Dis. Received, Cash, Bank A/c on the Cr side ✓			50	11,500	11,700

10 x 1 = 10 marks