

**BUSINESS MARKING SCHEME PP2 2022**

**AUGUST/SEPTEMBER**

**1 a. Reasons for increased use of cellphones in banking**

- They are safe then carrying cash.
- Easy to transaction easy operations.
- It is convenient because transactions can be conducted anywhere/portability.
- It saves on time since there is no travelling and queuing for the services.
- The speed of transaction is fast/quick feedback.
- It reduces paper work by eliminating the need for physical files and other documentations.
- The use of pin enhances security.
- Reduced transaction costs (travel and banks charges).
- Easy access to transaction records e.g. Mini statements, salaries in accounts etc.
- Easy access to credit facilities e.g. M-Shwari.
- It is a requirement by service provider's e.g. utility bills.

**1b. External factors influencing business operations negatively**

- Unfair competition.
- Inappropriate technology.
- Unstable economic environment.
- Unfavourable legal framework /government policies.
- Unreliable supply system raw materials.
- Strong consumer bargaining power.
- Poor physical facilities /infrastructures.
- Low population level/low demography market/Labour.
- Unfavorable social cultural environment.
- Insecurity.
- Natural calamities e.g. drought.
- Negative publicity

**2a. Benefits of national income statistics to the government.**

- Provides information on the country's economic performance over a period of time
- Provides information to be used for making economics policies/budgeting /planning.
- Provides information on the contribution of each sector of the economy to the national income
- Provides information on the types of factor incomes in the economy.
- Provides statistics for measuring economic growth of the country.
- Provides information used for computing economic performance of the country across two or more years.
- Provides information used for comparing economic performance of the country with other countries.

**2b. Ways warehouses are important to manufactures**

- Goods can be produced in advance to meet unexpected customer demand
- Production is done steadily without rush
- Production can be continuous if need arises.
- Manufacturer can off steady supply of seasonal goods.

- Goods are protected from physical damage
- Manufacturers can store raw materials
- Goods are protected from pilferage
- Goods can be prepared for sale.
- Some goods mature / improve in quality while in warehouse e.g. Wine etc.

### **3a. Circumstances That Would Make An Office Managers Replace An Existing Machine With Modern One.**

- In case of obsolescence/Has Outlived Its Usefulness
- Where A Faster Machine Is Required
- Where Maintenance Costs Are Higher Than Cost Of Acquiring Modern Machine Where There Is Need For Increased Production
- Where High Quality Work Is Required
- Where He/She Wants To Save On Labour
- Where There Is Need To Improve Image Of The Firm/Prestige.
- If The New Machine Is Capable Of Reducing Fraud
- If The New Machine Will Save On Time

### **3b. Characteristics of a monopolistic competitive market**

- There is a large number of buyers and sellers who act independently.
- There are no barriers to entry or exit from the industry.
- The sellers offer similar products that are only differentiated.
- No single firm has control over the factors of production.
- Firms set their own prices.
- Buyers and sellers have perfect knowledge of the market.
- Firms incur huge selling/prominent costs.

### **4a. Qualities of a successful salesperson**

- Has adequate product knowledge /demonstration.
- Is a good communicator.
- Is sensitive to customer needs /ability to assess customers' psychology.
- Has a high sense of integrity /honesty.
- Is a good listener
- Persistent /patient
- Polite /courteous /relates well
- Has a high level of commitment/ hardworking
- Is presentable ( neat and well groomed)
- Good command of language

### **4b. Types of direct taxes government may use to collect revenue from individuals and companies.**

- Personal income tax (P.A.Y.E) this is tax charged on individual's income which may be from business (this tax is progressive in nature).
- Corporation tax /corporate tax- this is a tax charged on the profits made by companies/incorporated business (it is a fixed percentage of the profits).
- Capital transfer tax gift tax - this tax is charged when there is change of ownership of capital investment from one person to another.
- Capital gains tax. This is tax charged when an asset is sold at a price that is higher than its book value.
- Estate (death) tax – this is tax *levied when* property is transferred to an inheritor /*heir* after the death of the original owner.

- Wealth tax /capital tax/equity tax. This is tax levied on personal wealth (that goes beyond a certain limit. This wealth may include realization assets like land, houses accumulated profits and even savings.
- Withholding tax – this tax is levied on savings like pension/dividends /any monies held by individuals.
- Residential/rental income tax this is tax charged on land lords /rent collected by land lords.
- Property tax – this is tax levied on land /land improvements/buildings (payable to county government.

**5a. OJWANG LIMITED**  
**TRADING, PROFIT AND LOSS ACCOUNT ✓**  
**FOR THE PERIOD ENDED 31/12/2020 ✓**

Dr			Cr		
	Sh	Sh		Sh	Sh
Opening Stock		200,000 ✓	✓ Sales	1,200,000 ✓	
Add Purchases	680,000 ✓		Less Return	50,000 ✓	1,150,000 ✓
Add Carriage In	42,000 ✓				
	722,000 ✓				
Less Returns Out	80,000 ✓	643,000 ✓			
COGAFS		842,000 ✓			
Less Closing Stock		80,000 ✓			
COGS		762,000 ✓			
Gross Profit C/D		388,000 ✓			
		1,150,000			1,150,000
Expenses			G.P		388,000 ✓
✓ Carriage Out		30,000 ✓			
Rent		50,000 ✓			
Discount Allowed		80,000 ✓			
Net Profit		333,000 ✓			
		388,000			388,000

**5b. Benefits that may be realized when two firms form a merger**

- Increase in the volume of output
- Increased control over supplies
- Increased influence on the market /customers
- Reduced cost of operations as a result of economies of scale
- Access to large capital
- Increased ability to control prices of the product
- Elimination of unhealthy competition Ability to employ more qualified personal
- Increased quality of output
- Combined talents and skills which may lead to better management

**6a. Circumstances under which a cheque may be dishonoured**

- When the funds in the account are insufficient.
- When the signature of the account holder differs with the specimen in the bank.
- When the cheque is presented for payment before the due date.
- When the cheque is presented six months after the date issued ie stale cheque.
- If the drawer has closed his/her account with the bank.
- When the cheque has been altered and the drawer has not signed against the alteration.
- When the bank learns about the death, insanity or bankruptcy of the drawer and instructs against honouring the cheque when presented.

6b.

**TOYOTA TRADERS**  
**CASH BOOK FOR THE MONTH OF**  
**APRIL 2021**

<b>DR</b>						<b>CR</b>					
<b>Date</b>	<b>Details</b>	<b>F</b>	<b>Dis Allow</b>	<b>Cash</b>	<b>Bank</b>	<b>Date</b>	<b>Detail</b>	<b>F</b>	<b>Dis Rec</b>	<b>Cash</b>	<b>Bank</b>
1/4/21	Capital✓				150000✓	2/4/21	Machine ✓				8,000✓
8/4/21	Cash✓		500✓	6,500✓		12/4/21	Cash✓	C			20,000✓
12/4/21	Bank✓	C		20,000✓		12/4/21	Drawing✓			5,000✓	
26/4/21	Sales✓				15000✓	15/4/21	Ochieng✓		1,000✓	9,000✓	
30/4/21	Cash✓				7300✓	25/4/21	Equipment✓				18,000✓
						27/4/21	Okango✓		300✓	3,200✓	
						30/4/21	Bank✓			7,300✓	
						30/4/21	Bal c/d✓			2,000✓	126,300✓
			<b>500</b>	<b>26,500</b>	<b>172,300</b>					<b>26,500</b>	<b>172,300</b>