

**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 Offices 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 offers 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 incase 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 asses' 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 taxes 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.
- Capitals transfer tax gift tax - this tax is charged when there is change of ownership of capital investment from one person to another.
- Capital gasses tax. This is tax charged when an assets is sold at a price that is higher than cts book value.
- Estate (death) tax – this is tax *lesied when* property is transferred to an inheritor /**hair** 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 state 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**

| DR | | | | | | CR | | | | | |
|---------|----------|---|------------|---------------|----------------|---------|------------|---|---------|---------------|----------------|
| Date | Details | F | Dis Allow | Cash | Bank | Date | Detail | F | Dis Rec | Cash | Bank |
| 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✓ |
| | | | 500 | 26,500 | 172,300 | | | | | 26,500 | 172,300 |