

SCHOOL BASED FORM FOUR EXAMS JULY / AUGUST
MARKING SCHEME BUSINESS PAPER II

1. Factors that influence the amount of money kept for transaction purpose

- The level of income of an individual. The higher the level of income, the higher the amount of money the individual would hold .
- The number of dependants an individual has. The higher the number the higher the amount of money hold
- Possibility of getting credit. The more difficult. It is, the higher the amount of money or individual would hold.
- The interval between income receipts . The shorter it takes an individual to receive income, the less the amount of money the individual would hold.
- Life style of an individual. An individual with expensive life style will hold more for transaction purpose.
- Price level of goods/services. The higher the prices of goods/services the more money an individual would hold .

(b) Services offered by a wholesaler to a producer

- Wholesaler prepares goods for resale by branding , blending, package etc
- Wholesaler finances the producer through making payments
- Wholesaler offers storage facilities to a producer thus ensuring continuous production
- Wholesaler advertise goods on behalf of the producer .
- Wholesalers relieve the producer of risks such as fall in prices , bad debts etc
- Wholesaler act as a link between the producer and the retailer

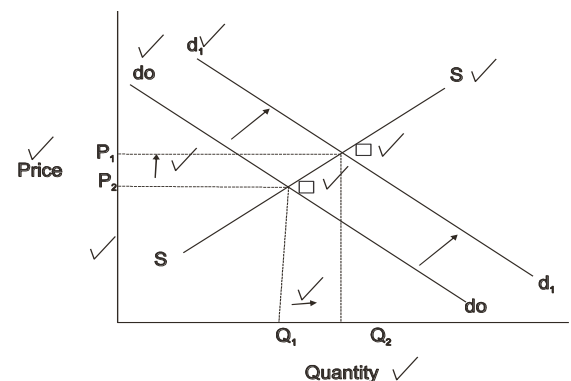
2.(a) Ways of making face to face communication effective

- Clarity of message to avoid misunderstanding
- Positive altitude between the sender and the receiver
- Good listening skills to make the receiver get the message being sent
- Proper timing by the sender to make it condusive and acceptable for both
- Making the message brief to avoid unnecessary details
- Use of non-verbal gestures to clarify verbal messages
- Planning by the sender to enhance understanding of the message.

(b) Causes of business success in Kenya

- Fair competition in the market
- Good and efficient management of the business
- Use of modern technology in business operations
- Political stability and security in the country
- Availability of skilled manpower
- Favourable government policies and support

3(a) Effect of the shift in demand curve towards the right on the equilibrium price and quantity



Shift to the right moves the equilibrium price from p_0 to P_1 which is higher and the equilibrium quantity from $DO - Q_1$ showing an increase in quantity demand

12 x 1 = 12mks

Dr		Cash A/c	Cr	
2016	Shs	2016	shs	
July 2	Bank	100000	July 10 th	Musa 12000
				Bal c/d 88000
		<u>100000</u>		<u>100000</u>
	Bal b/d	8800		

Dr		Purchases A/c	Cr	
2016	Shs	2016	shs	
July 4 th	Musa Trader	53000	July Bal c/d	53000
	Bal b/d	53000		

Dr		Musa Traders	Cr	
2016	Shs	2016	shs	
July 4 th	Cash	12000	July 4 th	Purchases 53000
10	bal c/d	41000		
		<u>53000</u>		<u>53000</u>
	Bal b/d	41000		

Dr		Drawing A/c	Cr	
2016	Shs	2016	shs	
July 5	Bank	<u>10000</u>	July 10 th	Bal c/d <u>10000</u>
		<u>10000</u>		<u>10000</u>
	Bal b/d	10000		

Dr		Computer A/c	Cr	
2016	Shs	2016	shs	
July 8 th	Bank	<u>20000</u>	July 10 th	bal c/d <u>20000</u>
		<u>20000</u>		<u>20000</u>
	Bal b/d	20000		

$20 \times \frac{1}{2} = 10mks$

6(a) **Circumstances under which a partnership can be dissolved**

- When there are changes in law ie where the operations of the partnership are illegal
- Where there is persistent losses in operation making it difficult to meet its financial obligations

- Incase one or some of the partners request for the dissolution and therefore abiding to their wish
- Incase the partnership business is temporarily and has accomplished the purpose
- Where there is continued disagreement among the partners
- Where the court order for the dissolution due to loss of contractual capacity of the partner or insufficient funds for a partner to settle the debts

SAGANA TRADERS
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD OF 31ST MAY 2014

Dr	Shs	Shs	
Salaries	28000	Gross Profit	36000
General expenses	53000	Commission received	12000
		Net loss	<u>33000</u>
	<u>81000</u>		<u>81000</u>

SAGANA TRADERS
BALANCE SHEET
AS AT 31ST MAY 2014

	Shs	shs	shs	shs
Fixed Assets				
Premises	95000		Capital	390000
Motor vehicle	113000	208000	Less Drawings	55000
Current Assets			Less Net Loss	33000
Stock	25000			302000
Debtors	70000		Current Liabilities	
Bank	55000		Creditors	60000
Cash in hand	12000	<u>162000</u>	Bank overdraft	8000
		<u>370 000</u>		<u>68000</u>
				<u>370000</u>