

Marking scheme.

Q1. (a) General merchandise

(b) Nationwide

(c) Cash and carry

(d) mobile

Q2. –filing information for the boss

-attending meetings and recording minutes

-supervising junior secretarial staff

-receiving and making telephone calls for the boss

-taking dictation from the boss

-keeping petty cash

-making travel arrangement and booking hotels for the boss

Q3.-one insure property that he/she stand to suffer a direct financial

-in life insurance a person has unlimited interest in his/her own life

- in life insurance insurable interest must exist at the time of entering into the contract

-in field of general property insurable interest must be demonstrated at the time of the loss

Q4. –do not have a fixed route. They move to wherever there are goods or passenger to carry.

- Have no set time tables

- Fare changes according to demand

- Their travelling patterns are irregular and therefore cannot be relied upon.

Q5.-when giving routine instructions to subordinates

- Where there is need to discuss issues

- Where there is need for immediate feedback

- Where there is need to promote informal atmosphere

- When no evidence is required

- During induction of new employees

Q6. –many sellers and buyers

- No barriers to entry or exit
- There is perfect knowledge in the market
- Products from different producers either vary in quality or are close substitutes

Q7. –advising business people on, for example the type of products to produce

- Training business people
- Offering financial assistance
- Organizing shows , trade fairs and exhibitions
- Providing incentives such as tax exemption

Q8. –insufficient labour force

- Increase in dependency ratio
- Increase in the need for provision of pension and medical facilities
- May cause deficiency in demand for products hence unemployment

Q9. Closing capital= opening capital + profit +investment –drawing

$$CC= OC +P+I-D$$

$$CC= 85000+105000+30000-60000$$

$$CC= SH. 160000$$

Q10. –moderate/creeping

- Hyper
- Galloping
- Stag

Q11. –where the commodity is perishable

- Where the use of product requires demonstration
- Where product is fragile

- Where market is localized
- Where consumer is one or few

Q12. –provision of essential products

- Controlling of consumption of certain products
- Encouraging consumption of certain products
- Promoting balanced regional development
- Redistribution of wealth
- Promoting economic stability
- Creating a conducive business environment
- Raising finance/revenue for the government

Q13.-no tax is paid on good stored

- Goods cannot be auctioned for
- Cheaper to store goods than a bonded warehouses
- Clearance of goods is easier
- Located at a convenient place for the user

Q14. –help organizations design trademarks and logos

- Book space and time in advertising media
- Offering advisory services to the clients
- Advertise on behalf of the clients
- Choose appropriate media on behalf of clients.

Q15. Purchases return journal

date	particulars	Credit note no.	Ledger folio	amount
2005				Sh.
Jan. 12	Jiran ltd	05	Pl. 01	30000
24	Chumo ltd	15	Pl. 04	8000
30	Mwanahamisi trader	25	Pl. 08	12000
Jan. 30	Total to be posted to return outwards account in general ledger (cr)		GL. 15	50000

Q16. $20\% = \frac{20}{100} = \frac{1}{5}$

$$100 = 5$$

Mark up = $\frac{1}{5}$ = $\frac{1}{4}$

$$5 - 1 = 4$$

Cost of sales = opening stock + purchases – closing stock

$$= 200000 + 500000 - 300000$$

$$= 700000 - 300000$$

$$= 400000$$

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Trading account

For the year ended 31st jan. 2006

Opening stock	200000	sales	500000
Add: purchases	500000		
C.O.G.A.F.S	700000		
Less: closing stock	300000		
Cost of sales	400000		
Gross profit	100000		
	500000		500000

Q17. –marketing economies

- Financial economies
- Risk bearing economies
- Technical economies
- Managerial economies
- Research economies
- Welfare economies

Q18.-purchases

- General
- Private
- Cashbook

Q19. –scarce in supply

- Have money value
- Unevenly distributed
- Have utility
- Have alternative uses
- Can change ownership
- Can be combined
- Can be complementary

NB: complimentary should not score

Q20. –no accurate records of expenditure are kept in private sector

- Expenditure for subsistence sector can only be mere approximations due to lack of records in this sector.
- Differentiating between final expenditure and intermediate may be difficult
- It suffer from the problem of double counting
- Fluctuating exchange rates may pose challenges especially in valuation of export and imports

21. –political stability

- favourable government policy
- fair competition
- Good cultural practices
- Advancement in technology
- Increase in population
- conducive economic environment
- conducive physical environment

Q22. –insolvency

- Ultra-vires

- amalgamation
- court order
- decision by shareholders

q23. –requires double coincidence of wants

- lack of standard measure of wants
- indivisibility of some commodities
- perishability of commodities
- inconvenience of transporting some commodities
- lack of standard deferred payment
- lack of unit of account
- hinders specialization

q24. –containers are expensive and this increase the costs of transporting goods

- contribute to unemployment since it is capital intensive
- not suitable for transporting small quantities
- requires special handling equipment which may be expensive
- may not be suitable for goods with irregular shapes

q25.

Shah traders

Balance sheet

As at 1st 2010

Premises	140000	capital	205000
Stationery	30000	liabilities	
Stock	50000	creditors	20000
Debtors	20000	overdraft	25000
Cash	10000		
	250000		250000