MECS 2022

Marking scheme PP1

1. A business is required to maintain a healthy environment free from pollution. State four ways in which the environment may be polluted. (4mks)
* Releasing smoke and poisonous gases into the air
* Noise pollution
* Channeling liquid waste into rivers
* Producing strong lights which may be dangerous to human sight
* Dumping solid waste carelessly
1. State four characteristics of human wants. ( 4mks)
* Unlimited/endless/insatiable
* Vary in intensity and urgency
* They are competitive
* Recurrent/repetitive
* Some are universal
* Some are habitual
* Requires resources
* They are complimentary
1. Outline four ways in which a developing country like Kenya may benefit from entrepreneurship. (4mks)
* Through creation of employment
* Promotion of entrepreneurial culture
* Making use of local resources
* Promotion of technology
* Formation of capital
* Savings on import
* Improvement of infrastructure
1. Give four reasons why filing is important in an office. (4mks)
* Keeps the office tidy
* Safety of documents
* Easy retrieval of documents’
* Protect information against unauthorized hands
* Saves on space
* For future reference
1. Barriers to effective communication. (4mks)
* Use of un familiar language
* Use of unfamiliar nonverbal signs
* Wrong timing
* Prejudice
* Poor listening skills
* Noise
* Emotional responses
* Any other correct answer
1. State four banking services that the central bank of Kenya provides to the government. (4mks)
* Accepts governments deposits
* Issuing currency on behalf of government.
* Arranges and pays public debts
* Advice on monetary issues
* Acts as guarantor to government
* Lender to the government
1. Highlight four factors that may lead to an overcharge in an invoice. (4mks)
* Overpricing of goods
* \mistake in calculating discounts
* Arithmetic mistakes
* Charges for items not delivered
* \
1. Upendo enterprise three column cash book 4MKS

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| DATE | DETAILS | F | DA | CASH | BANK | DATE | DETAILS | F | DR | CASH | BANK |
| JULY 1 | BAL | B\D |  | 20000 |  | JULY 1 | BAL | B\D |  |  | 5000 |
| 20 | PATO | SL | 7500 |  | 30000 | 10TH | JUMA | PL | 100 | 2000 |  |
| 30 | BANK | C |  | 8000 |  | 30 | CASH | C |  |  | 8000 |
|  |  |  |  |  |  |  | BAL | C\D |  | 26000 | 17000 |
|  |  |  | 7500 | 28000 | 30000 |  |  |  | 100 | 28000 | 30000 |

1. Calculate the missing figures in the table below. (4mks)

|  |  |  |
| --- | --- | --- |
| capital | assets | Liabilities |
| 80000 | **150000** | 70000 |
| **280000** | 300000 | 20000 |
| 600000 | 1000000 | **400000** |
| **520000** | 600000 | 40000 |

10. State four that account for the need for consumer protection. (4mks)

* Harmful products
* Overpricing by sellers
* Products sold may be poor products
* Hoarding of goods by sellers
* False adverts by sellers
* Commodities may have false labeling

 11. Outline four features of a private limited company (4mks)

* Must have at least one director
* Shares are not freely transferable
* Can start trading on receipt of certificate of incorporation
* No authorized minimum share capital
* Maximum of fifty share holders
* Shares are not advertised

 12. Indicate the type of journal in which each of the following transaction would be recorded. (4mks)

|  |  |
| --- | --- |
| TRANSACTION  | JOURNAL |
| Good sold for cash | **Cash receipt journal/cash book** |
| Purchases of office furniture on credit | **General journal** |
| Goods bought on credit | **Purchases journal** |
| Goods bought on credit returned to supplier | **Return outwards/purchases return journals** |

 13. types of utility. (4mks)

1. Form utility
2. Place utility
3. Possession utility
4. Time utility

14. Outline four disadvantages of a long chain of distribution of goods to a buyer. (4mks)

* Increases price of goods
* High chances of delays
* May damage goods due to handling by many people
* Perishable goods may go bad
* Feedback to producer may be slow

15. State four benefits of advertising to a consumers (4mks)

* Information on offers
* Informs on uses of products
* Enables producer to compare different products
* High quality goods due to competition
* Competition may result into lower prices

16. State four uses of national income statistics (4mks)

* Indicators of standards of living
* Comparison of standards of living between different countries
* Assessing performance of economy over time
* Government use it in planning
* Helps investors to make to make investment decision
* Compare economic performance over different

17. Outline four ways in which a youthful population may be useful to a country. (4mks)

* Less expenditure on social security
* Winder market for youth related products
* Growth in sectors such as music, fashions
* High mobile labour
* Increased innovation and inventions
* Youths are more adaptable to changes in technology
* Continuous supply of labour

18. The following information relates to Wakesho traders as at 31st July 2022

 WAKESHO TRDERS

 TRIAL BALANCE

 AS AT 31/07/22

|  |  |  |
| --- | --- | --- |
| **Details**  | **DR (SH)** | **CR(SH)** |
| Furniture and fittings  | 130000 |  |
| Debtors  | 70000 |  |
| Commission accrued  |  | 10000 |
| Creditors  |  | 50000 |
| Drawings | 20000 |  |
| Discount received |  | 1000 |
| Bank overdraft |  | 5000 |
| Bank loan |  | 10000 |
| Capital |  | 55000 |
| **TOTALS** | **220000** | **220000** |

 12 X 1/3= 4MKS

19. State four sources of government revenue. (4mks)

* Taxes
* Government borrowing
* Rents and rates
* Seles of government properties
* Fees eg license fees
* Court fines
* Grants and donations
* Income from government businesses

20. Highlight four factors that could lead to a faster economic development in a country. (4mks)

* Abundant natural/economic resources
* Industrialization
* Use of modern technology
* Improved infrastructure
* Investments on research

21. State four factors that insurance companies consider before determining premium to be paid. (4mks)

* Value of insurance policy/life
* Occupation of the insured
* Time the policy covers
* Age of the assured person/ property
* Health of the assured
* Sum assured

22. Indicate the effect of the following transactions on the capital of a business. Use increase, decrease or no effects. (4mks)

|  |  |
| --- | --- |
| Transactions  | Effects  |
| Owner took cash from the business for personal use | **Decrease** |
| Payment of business expenses in cash | **No effects**  |
| Owner deposited additional cash from personal savings  | **Increase** |
| The business made loss from trading | **Decrease** |

23. The cost of consumers goods and services for a representation basket of an average family is given below.

|  |  |  |
| --- | --- | --- |
| year | 2020 | 2021 |
| Price(shs) | 2000 | 3000 |

Determine the increase in consumer price index using 2020 as the base year. (4mks)

$$\frac{3000}{2000}×100=150\%$$

 150-100 =50$\%$

24. State four features of perfectly competitive market structure (4mks)

* Large number of buyers and sellers
* Perfect knowledge about the market
* No government interference
* No transport cost
* Free entry and exit of firms from the market
* Homogeneity of products
* Perfect mobility of factors of production

25. The following information was extracted from tamu traders as at 31 Dec 2021

Fixed assets 40000

Stock 12000

Current liabilities 6000

Profits for the year 10000

Calculate;

1. Rate of return on capital employed (2mks)

C.E = F.A + C.A –C.L

 = 40000+12000 -6000

 = 46000

ROCE =NP/CE X1OO

$$\frac{10000}{46000}X100=21.7\%$$

1. Current assets (2mks)

CA/CL

$$\frac{12000}{6000}$$

 2:1