**MARKING SCHEME SUNRISE ONE PP2 BST F4 TERM 1 2023**

**1. a) Explain FIVE importance of a business plan to an entrepreneur (10mks )**

1. Enables the entrepreneur to avoid mistakes that would hinder the growth of the business.
2. Enables proper allocation of resources for maximum production.
3. It motivates employees to work towards the set objectives.
4. Assists the entrepreneur to acquire financial assistance (capital/finance) from financial institutions if the business is viable/promising
5. Enables the management to know the amount of capital needed to avoid crisis
6. Enables the business to adopt changes in the economy without affecting the business negatively
7. Enable the management to evaluate the strengths and weaknesses of the business in order to take appropriate measures
8. It is used as a project tool to guide management decisions.
9. It increases efficiency of the business since all activities/rols are clearly defined

**b) Explain FIVE sources of monopoly power (10 mrks)**

1. Ownership of(strategic) factors of production/inputs hence control of supply of an important factor of production
2. Ownership of production techniques that other firms do not have.
3. large capital requirements which prevents other firms from entering the market
4. Small size of the market hence can only be served/supplied profitably by one firm.
5. Government restrictions which prevents other firms from joining the industry.
6. Merging of firms/amalgamations into a single firm.
7. A firm engaging in restrictive practices to stop other firms from entering the markets or force other firms to leave eg lowering of its prices.

2.a) **Explain five measures to undertake in order to increase efficiency of warehouse. (10mks)**

1. Ensure proper /adequate /good handling equipment to handle goods well/ easily.
2. Install safety equipment/facilities to safeguard goods against damage/ pests/ water leaks.
3. Ensure proper inventory system control/ proper record keeping to monitor inflow/ outflow of goods.
4. Ensure adequate space to allow easy movement by personnel/ to accommodate all the goods available for storage.
5. Hiring qualified /skilled /trained personnel to assist in goods handling /care of the goods.
6. Enhance security to avoid theft of the goods /ensure safety of workers/personnel.
7. Ensure compliance with the law to avoid conflicts with the authorities/government/law enforcers who may stop/halt its activities /for smooth operation.
8. Provide sufficient loading and offloading facilities to minimize congestion/delays/ breakages.
9. Ensure adequate communication facilities for effective/ easy contact with clients/ suppliers.
10. Ensure proper / appropriate buildings to suit /match the type of goods to be stored.
11. Ensure linkage to good/ appropriate /efficient/ reliable transport network system to facilitate easy movement of goods in and out of the warehouse.
12. Ensure adequate/ appropriate storage facilities so that goods do not get spoilt.
13. Ensure it’s suitably/ conveniently located for easy access by clients.
14. Ensure clear operational procedures and guidelines for smooth operation.

b) ) Explain five limitations of barter trade that led to the evolution of money. (10marks)

(i) Requires double coincidence of wants i.e.-s there must be somebody who has exactly what you want and he wants what you have/where is difficult to come by.

(ii) Barter trade) lacks a standard measure of value. -It is difficult to determine how much of a commodity to be exchanged for another.

(iii) Indivisibility of some commodities.- Some commodities could not be divided into smaller units without losing value e.g. a goat cannot be divided without killing it.

(iv) Perishability of commodities. -Some commodities cannot be stored for a long period (to be used in future exchanges) without them going bad.

(v)Inconvenience in transporting some good/bulky/heavy.- Some commodities are difficult/expensive to carry (from one place to another looking for a trading partner)

(vi)Lack of standard measure for deferred payment.-When payment was to be made in future, use of goods and services for the payment was difficult because by the time the person is paid, either the value of the commodity or his needs would have changed/due to change in value of goods.

(vii)Lack of unit of account. -It is difficult to calculate/keep records of values of different commodities.

(Any 5 x 2 = 10 marks)

3. a) Explain five reasons why Omwami would choose to start as sole proprietorship other than joining a Public Limited Company. (10mks)

i. In sole proprietorship Omwami would enjoy all the profits alone.

ii. He can get assistance from family members in managing the business.

iii. It is easy in dissolve compared to public company.

iv. Omwami can produce/sell anything of his choice unlike PLG which is regulated / flexibility.

v. Faster decision making

vi. He keeps the secrets of the business.

vii. To retain independence

3b OPTIMIST INVESTMENT

Sales Journal

|  |  |  |
| --- | --- | --- |
| Date | Details | Amount |
|  |  | Sh |
| 3/5/2010  22/5/2010 | Anyimba  Mafala retailers  Total posted to sale a/c | 60,000√  150,00√  210,000√ |

Purchases Journal

|  |  |  |
| --- | --- | --- |
| Date | Details | Amount |
|  |  | Sh |
| 8/5/2010  16/5/2010 | Mjuaji stores  Mjuaji stores  Total posted to purchases a/c | 120,000√  160,000√  280,000√ |

Purchases returns Journal

|  |  |  |
| --- | --- | --- |
| Date | Details | Amount |
|  |  | Sh |
| 12/5/2010 | Mjuaji stores  Total posted to purchases returns a/c | 6,000  6,000√ |

Sales returns Journal

|  |  |  |
| --- | --- | --- |
| Date | Details | Amount |
|  |  | Sh |
| 24/5/2010 | Anyimba  Total posted to sales returns a/c | 10,000  10,000√ |

General Journal

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Details | DR | Cr |
|  |  | Sh | Sh |
| 25/5/2010  29/5/2010 | Motor vehicle a/c  Mashiriki motor a/c  To record purchase of motor vehicle on credit.√  Chap chap limited a/c  Equipment a/c  To record sale of √equipment on credit | 3,200,000√√  840,000√ | 3,200,00√√  840,000√√ |

20 @ ½ = 10mks

4a**)**

1. They are progressive / equitable any five (10mks)

ii) The poor are exempted

iii) It is certain

iv) It is convenient i.e. tax collected at time of earning

v) Guarantees fair redistribution of wealth

vi) Creates sense of citizenship

vii) Economical in terms of collection

viii) It is elastic / flexible

ix) It is desirable i.e. only affects disposable income and not prices

**b). Importance of filling documents in an organization. (10mks)**

* 1. Easy retrieval of documents
  2. Keeps office very tidy
  3. Safety of documents
  4. Documents are kept neat
  5. Documents are kept away from unauthorized persons
  6. Space is well utilized.
  7. Information for future reference is kept.
  8. Filed documents are used as evidence in case of disputes.

5a)  **(10mks)**

1. Lack of enough money for expansion
2. Little/ small markets
3. Need for personalized services
4. Fear of incurring increased costs
5. To avoid risks that are associated with large – scale business
6. Nature of goods
7. For ease of management
8. Flexibility
9. Need to maintain close control (owner wants to control)

iix. To avoid the many legal procedures

5b) **. Describe the procedure of obtaining an insurance claim. (10mks)**

1. Filling a proposal firm

The person intending to take insurance policy fills in a proposal form. The applicant fills relevant / material facts on the subject matter of insurance.

1. Determining the premium to be paid

The premium to be paid is determined depending on the value of the property and the type of risk to be covered.

1. Payment of the first premium

After the insurance company has accepted to cover the risk and premiums are calculated and the insurer pays the first premium.

1. Issuing of cover note (binder)

The insured is issued with temporal policy which is valid for 30 days within which the policy would be issued.

1. Issuing of policy

This is the contractual document between the insurer and the insured and it contains the terms and conditions of the insurance cover. Once issued it replaces the cover note and the policy becomes operational.

6. a)**Explain five measures put in place by the government to bring order in road transport sector in Kenya today. (10mks**)

1. Speed governors – used to check on over speeding on our roads which causes accidents.
2. Use of alcoblows – to check/detect and prevent driving of vehicles by drunk drivers.
3. Certificate of good conduct – carried out to make sure that those involved in road transport are of good conduct especially drivers and touts.
4. Inspection of vehicle – done to make sure that only road worthy vehicles are allowed in Kenyan roads.
5. Carrying capacity – the government usually determine the carrying capacity of vehicle both passengers and cargo carrying vehicles to avoid road damage and accidents.
6. Vetting of drivers to ascertain that the genuity of their driving licences.
7. Designating routes for PSV.
8. Uniform for drivers and touts/conductors.
9. All PSV vehicles should have the yellow line.
10. All PSV vehicles to join matatu SACCO.
11. Use the cashless means of payment.

6b)

Abass stockists

Trading, profit and loss a/c

For period ended 31st Dec 2015

Dr Cr

|  |  |
| --- | --- |
| Opening stock 30,000 | Sales 390,000 |
| Add purchases 275,000 | Less returns inwards 10,000 |
| Add carriage in 16,000 |  |
| Less returns out 6,000 285,000 |  |
| G.A.F.S 315,000 |  |
| Less closing stock 50,000 |  |
| C.O.Gs 265,000 |  |
| Gross profit c/d 115,000 |  |
| 380,000 | 380,000 |
| Carriage outwards 8,000 | Gross profit b/d 115,000 |
| Advertising 3,000 | Commission 36,000 |
| Salaries 19,000 | Discount received 7,000 |
| Rates 12,000 |  |
| Insurance 20,000 |  |
| Discount allowed 5,000 |  |
| Net profit c/d 91,000 |  |
| 158,000 | 158,000 |

**(20 x ½ = 10mks**