

1.
  - i) Type of human want.
  - ii) Level of consumer's income.
  - iii) Government policy.
  - iv) Season/ climatic conditions.
  - v) Consumers taste/ fashion/ preference.
  - vi) Availability of the goods/services.
  - vii) The price of goods/services.
  - viii) Future expectations of changes in price.
  - ix) Culture/beliefs/traditions/religions.
2.
  - i) Prevent misuse of resources.
  - ii) Promote tourism.
  - iii) To prevent environmental degradation.
  - iv) To control production activities which require natural resources.
  - v) To conserve natural resources/for posterity/for future generations.
  - vi) To ensure continuous supply of raw materials.
3.
  - i) Buys goods at relatively low prices.
  - ii) A customer can use debit/credit cards to buy/is safe as one can use debit/credit cards.
  - iii) Provides a variety of goods to customers.
  - v) One can get most of the goods under one roof.
  - v) May provide after sale services to customers.
  - vi) A customer may make decision on what to purchase.
  - vii) Access to new products which one may not be aware of.
  - viii) Customers do not waste time waiting to be served.
4.
  - i) Nature of goods/ perishability/ durability of the goods.
  - ii) Cost of transport(freight)
  - iii) Value of goods.
  - iv) Urgency of goods.
  - v) Distance to be covered.
  - vi) Reliability of the means.
  - vii) Security of the means.

- viii) Availability of the means.
  - ix) Flexibility of the means.
  - x) Quantity/volume of goods being transported.
  - xi) Need for specialized facilities.
  - xii) Terminals.
- 5.
- i. When it is the policy of the business.
  - ii. When one is importing goods from other countries.
  - iii. When the seller or trader wants to make the payment legal.
  - iv. In case the debt can be discounted.
  - v. In case the seller wants to use another party to collect the debt on his/her behalf.
  - vi. Where the seller is willing to negotiate the payment date.
- 6.
- i) Low labour supply.
  - ii) Increase in welfare costs.
  - iii) Dependency ratio increases.
  - iv) Fall in demand/market for goods/services required by the youth.
  - v) Need to import labour that affects foreign exchange reserves.
  - vi) Rigidity to change. vii) Less progressive flow of savings/investments.
  - viii) Collapse of industries producing goods for youths.
- 7.
- i) Has large size structure/building.
  - ii) Is usually located at strategic points.
  - iii) Is used for hire/ store goods for other traders.
  - iv) Collection of goods by use of a release warrant.
  - v) Rental fees charged.
  - vi) Insurance is a must.
  - vii) It operates as a business/ company / firm.
  - viii) Has various types of handling/ storage facilities.
- 8.
- i) Plate/glass policy.
  - ii) Premium.
  - iii) Subrogation.
  - iv) Endowment policy.

9. i) Is relatively cheap.  
ii) Is relatively fast.  
iii) Is confidential/secretive.  
iv) Instant feedback can be obtained.  
v) Relatively easy to retrieve information can sent.  
vi) Information can be kept for future reference/use.  
vii) Is universal (globally) /worldwide.  
viii) Detailed information can be sent/ received.  
ix) Copies can be sent to many people.  
x) Is paperless/ cuts down on use of paper.
10. i) Purpose of the documents.  
ii) Availability of storage reference.  
iii) Availability of storage space.  
iv) Cost of storage.  
v) Nature of the information contained in the document.  
vi) Need for future reference.  
vii) Government/ legal requirement.  
viii) Type of technology available.
11. i) Low population.  
ii) Stiff/strong/unfair/unhealthy competition.  
iii) Poor economic conditions/fluctuating exchange rates/ high interest rates/ inflation.  
iv) Political instability/unfavourable legal policies.  
v) Poor technology.  
vi) Unfriendly/hostile cultural environment.  
vii) Poor infrastructure.  
viii) Unfavourable climatic conditions.  
ix) Inadequate supply of raw materials.
12. i) Use of different currencies.  
ii) Levels of inflation differ.  
iii) Higher income may have been got at the expense of workers health.

- iv) Disparity/in equality of income distribution within the country.
  - v) Different tastes/needs/preferences from people in different countries.
  - vi) Different goods/services used to get statistics from different countries (basket of goods/services differ).
  - vii) In appropriate usage of national income/misappropriation of national income.
  - viii) Wrong/unreliable/inaccurate data being used.
13. i) Has limited life/may temporary/not permanent.
- ii) May have unlimited liability.
  - iii) Slow decision making process.
  - iv) Inflexible to changes.
  - v) Tends to over depend on some partners.
  - vi) May suffer due to mistake of one partner.
  - vii) Prone to disagreement/misunderstandings.
  - viii) Profits are shared/earnings may be lower.
14. i) Availability of market.
- ii) Competition in the market.
  - iii) Government policy/legal requirement.
  - iv) Price structure.
  - v) Availability of infrastructure.
  - vi) Cost of production.
  - vii) Capital requirements.
  - viii) Labour requirements.
  - ix) Social-cultural factors /expectations.
15. **Resource Factor of production**
- a) Rainfall Land
  - b) A lawn mower. Capital
  - c) Investor. Entrepreneurship
  - d) Cook. Labour
16. 
$$\begin{aligned} O.C &= C.C + D + I - P \\ &= 8,350,000 + 380,000 - 730,000 - 2,880,000 \\ &= \text{Shs} 5,120,000 \end{aligned}$$

17.

Naitiri Hardware Enterprise

Balance Sheet.

As at 30<sup>th</sup> June 2014✓

Fixed Assets	2,700,000✓	Capital	2,999,500✓
<u>Current Assets</u>		<u>LTL</u>	
Debtors	700,000✓	Equity Bank loan	750,000✓
Prepaid rent	85,000✓		
Cash at Bank	100,000✓	<u>STL</u>	
Cash in Hand	50,500✓	Creditors	100,000✓
Stock in trade	214,000✓		
	<u>3,849,500</u>		<u>3,849,500</u>

18.

Transaction	Dr	Cr.
a) Commenced business with Shs.50,000 cash and Shs.200,000 in the bank	<b>Cash</b> ✓ <b>Bank</b> ✓	<b>Capital</b> ✓
b) Okiru bought a piece of land from Ndiema worth Shs.300,000 paying by cheque and balance to be paid later	<b>Land</b> ✓	<b>Bank</b> ✓ <b>Ndiema</b> ✓
c) Paid Juma a creditor Shs. 20,000 from private sources	<b>Juma</b> ✓	<b>Capital</b> ✓

19.

Kimilili Traders Three Column Cash book.

Dr.					Cr.				
Date	Details	Dis. All.	Cash	Bank	Date	Details	Disc. rec	Cash	Bank
2013					2013				
1 <sup>st</sup> Dec	Bal b/d		85,000✓		1 <sup>st</sup> Dec	Bal b/d			88000✓
2 <sup>nd</sup> Dec	Sales		209400✓		16 <sup>th</sup> Dec	Wages		30000✓	
6 <sup>th</sup> Dec	Wafula	25000✓		475000✓	21 <sup>st</sup> Dec	Maruti	400✓		19600✓
31 <sup>st</sup> Dec	Cash 'C'			239400✓	31 <sup>st</sup> Dec	Bank 'C'		239400✓	
					31 <sup>st</sup> Dec	Bal c/d		25000✓✓	

NB: Date/details/amount must be correct to score.

20.

Bukunjobo Traders  
Trial Balance  
As at 30<sup>th</sup> June 2010

	Dr (Shs)	Cr (Shs)
Sales		420,000✓
Purchases	240,000✓	
Equipment.	120,000✓	
Moto Van	300,000✓	
Debtors	80,000✓	
Creditors		40,000✓
General Expenses	160,000✓	
Capital		440,000✓
	900,000	900,000

21.

Dr. Capital A/c				Cr			
Date	Details	F	Amount	Date	Details	F	Amount
				1/3/2014	Bank		150,000✓

Dr. Bank A/c				Cr.			
Date	Details	F	Amount	Date	Details	F	Amount
1/2/2014	Capital		150,000✓	15/3/2014	Cash		50,000✓

Dr. Motor Vehicle A/c				Cr.			
Date	Details	F	Amount	Date	Details	F	Amount
10/3/14	CMCLtd		950,000✓				

Dr. CMC Ltd A/c				Cr.			
Date	Details	F	Amount	Date	Details	F	Amount
20/3/14	Cash		30,000✓	10/3/2014	Motor Vehicle		950,000✓

Dr. Cash A/c				Cr.			
Date	Details	F	Amount	Date	Details	F	Amount
15/2/14	Bank		50,000✓	20/3/2014	CMC Ltd		30,000✓

22. i) Use of television stations for advertisements.  
ii) Increased use of celebrities e.g. You tube Yego.  
iii) Increased use of road shows advertisements.  
iv) Increased use of bill boards/hoarding.

- v) Increased use of FM radio stations to advertise.
  - vi) Use of trained salespersons to advertise.
  - vii) Catering for those with disabilities in carrying out advertisements.
  - viii) Use of website/internet to advertise.
  - ix) Increased use of mobile phone advertisements.
23. i) A rise in the cost of production.
- ii) Unfavourable govt policies/increased tax/reduced subsidies.
  - iii) Future expectation of a rise in price of the commodity.
  - iv) Exit of old firms from the industry(mkt).
  - v) High incidences of strikes (by workers).
  - vi) Decrease in price of a jointly supplied good.
  - vii) Unfavourable natural factors.
  - viii) Inadequate /scarcity of factors of production.
  - ix) Increase in price of competitively produced goods.
  - x) Poor technology/poor methods of production.
24. i) Provide adequate education/training to workers.
- ii) Payment of attractive salaries/wages/proper remuneration.
  - iii) Guarantee job security for workers.
  - iv) Provide proper job description for all levels of staff.
  - v) Provide conducive working environment.
  - vi) Improve social welfare facilities for workers such as better housing/medical facilities.
  - vii) Involve the staff in decision making process.
  - viii) Ensure proper/fair staff discipline of all levels.
  - ix) Developing good working relations between the management and staff/teamwork.
25. i) Simple to operate/understand.
- ii) Should be accessible.
  - iii) Should be flexible/adaptable to the needs of firm.
  - iv) Should be compact.
  - v) Suitable to the needs of the business/compatible to the needs of the firm.
  - vi) Provide safety of documents.

- vii) Elastic –capable of expansion/contraction when need arise.
- viii) Cross reference-i.e. easy to trace the office/department holding a certain file.
- ix) Should be economical/cost effective.