**NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ADM NO: \_\_\_\_\_\_\_\_CLASS:\_\_\_\_\_\_\_\_\_\_**

**DATE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SIGN: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**AGRICULTURE FORM TWO**

**MARKING SCHEME**

**MID-TERM EXAM**

**TERM 1, 2024**

**INSTRUCTIONS: (ANSWER ALL QUESTIONS) TIME: (1HR 30MIN)**

1. The following information relates to Mwangi traders for the month of August 2008

|  |  |
| --- | --- |
| Opening stock | Sh 40,000 |
| Purchases | Sh 46,000 |
| Carriage inwards | Sh 2,100 |
| Closing stock | Sh 22,500 |

Goods are usually sold at a mark up of 20%.

Required: Prepare a trading account for the month ended 31st August 2008. (5mks)

MWANGI TRADERS

TRADING ACCOUNT

DR FOR THE YEAR ENDED 31ST AUG 2008 CR

|  |  |
| --- | --- |
| ***Sh sh***  ***Opening stock 40,000***  ***Add purchases 46,000***  ***Add carriage inwards 2,100 48,100***  ***Cost of goods available for sale 88100***  ***Less closing stock 22,500***  ***Cost of goods sold 65600***  ***Gross profit c/d 13,120***  ***78,720*** | ***Sh***  ***Sales 78,720***  ***78,720***  ***Gross profit b/d 13.120*** |

1. Highlight four principles of co-operative societies. (4mks

***Open and voluntary membership***

***Democratic administration***

***Provision of dividend***

***Promotion of education***

1. The following is a table of activities. Name the utility that is created by each activity. (4mks)

|  |  |
| --- | --- |
| **Activity** | **Utility** |
| 1. ***Making chairs from timber*** | ***form*** |
| 1. ***Shopkeepers selling sugar to consumers*** | ***possession*** |
| 1. ***Pharmacist delivering milk to a hospital*** | ***place*** |
| 1. ***Delivering milk to consumers early in the morning*** | ***place*** |

1. Given below is a table showing the market demand for a commodity from 2006 to 2010

|  |  |
| --- | --- |
| **Year** | **Quantity demanded** |
| 2006 | 100,000 |
| 2007 | 120,000 |
| 2008 | 200,000 |
| 2009 | 250,000 |
| 2010 | 270,000 |

Outline four factors that have contributed to the trend in the demand from 2006. (4mks)

***Increase in consumers income***

***Increase in population***

***Favorable terms of sale***

***Favorable tastes and preferences***

1. State any four types of advertising (4mks)

***Celebrity advertising***

***Primary demand***

***Product advertising***

***Competitive advertising***

1. Identify four elements of internal business environment that may positively influence

the performance of business. (4mks)

***proper business structure***

***well defined business culture***

***proper decision by owners***

***adequate resources***

7. List **four** sources on internal economies of scale (4mks)

***Marketing economies***

***Managerial economies***

***Technical economies***

***Financial economies***

8. Outline **four** distinctive features of a monopolistic market competition (4mks)

***Many buyers and sellers who act independently***

***No barriers to entry or exit***

***Wide knowledge of the product***

***Firms engages in product differentiation***

9. Outline **four** ways entrepreneurship has benefited Kenyan economy (4mks)

***Saves on imports***

***Creation of employment***

***Promotion of technology***

***Development of infrastructure***

10. State **four** circumstances under which a business would choose to transport goods by air (4mks)

***If goods are perishable***

***If goods are needed urgently***

***If goods are highly valuable***

***If goods are transported over long distance***

11. Highlight any **four** difficulties encountered in satisfaction of human wants (4mks)

***Human wants are endless***

***Hunan wants require resources***

***High prices of goods and services***

***Vary in urgency and intensity***

12. The following figures relates to the retail business of Omondi for the Month of July 2012

Sales 50,000

Expenses were 10% of sales

Cost of goods sold 40,000

Calculate:

1. Mark-up=***gross profi/C.O.G.S***

***Gross profit=sales-C.O.G.S***

***50,000-40,000***

***Sh 10,000***

***10,000/40,000***

***1/4×100***

***25%*** 2mks

1. Margin =gross profit/sales

***10,000/50,000***

***1/5×100***

***20%*** 2mks

(iii) Total Expenses 1mk

***10/100×50,000***

***Sh 5,000***

1. Net profit=***gross profit-expenses***

***10,000-5,000***

***Sh 5,000***