COMMERCE (2014)

FORM TWO NATIONAL ASSESSMENT ANSWERS

Solutions from: Maktaba by TETEA

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SECTION A:

1.

i	ii	iii	iv	v	vi	vii	viii	ix	x
d	c	c	c	b	d	b	b	c	a

2.

LIST A	i	ii	iii	iv	v	vi	vii	viii	ix	x
LIST B	E	O	H	B	K	I	C	N	A	F

3.

(i)   Capital Goods

(ii)   Chain or Channel of distribution

(iii)   Supply Schedule

(iv)   Itinerant (Machingas)

(v)   Utility

(vi)   Fixed Cost

(vii)   Production

(viii) FIFO Arrangement

(ix)   Consumable Goods

(x)   Warehouse

SECTION B:

4.

(a) **Luxury Needs:** are needs that a human can live without. (Eg. Needs for Cars, HD Television, Jewelries, Smart Phones)

(b) **Constructive Industry:** is a branch of industry that deals with construction of building, bridges, railways and roads.

(c) **Deferred payment:** is a type of installment selling in which the buyer possess the property or an asset bought after paying the **first** installment.

(d) **Consumer:** is a person who use/consume goods or services.

(e) **Stock Administration:** is a process of managing stock at a desirable quantity and quality in a warehouse. It is a process which involves stock taking, stock control and management and stock valuation..

5.

(a) **Trader:** is a person who buys and sells goods for the aim of making profit.

(b) **Five functions of Wholesaler:**

  i. Buying goods – wholesaler purchase goods from producers
  ii. Warehousing – wholesaler stores goods until they are demanded by other traders
  iii. Selling goods – wholesaler sales goods to retailers
  iv. Transportation – wholesaler transfer goods from producers and to retailers
  v. Market research – wholesaler collects information about the goods in the market

SECTION C:

6.   *Answer:*

a)   Cost of sales or Cost of Goods Sold (COGS)

Opening Stock	80,000
Add: Purchases	500,000
COGAS	580,000
Less: Closing Stock	40,000
Cost of goods sold	**540,000**

b)   Average Stock

   Formula:

$$\text{Average Stock} = \frac{Opening\ Stock + Closing\ Stock}{2}$$

$$\text{Average Stock} = \frac{80000 + 40000}{2}$$

   Therefore Average Stock = 60,000

c)   Rate of stock turnover

   Formula:

$$\text{RST} = \frac{Cogs}{Average\ Stock}$$

$$\text{RST} = \frac{540000}{60000}$$

   Therefore Rate of stock turnover = 9 times.

d)   Order Point

   Formula:

Order point/re-order level = $[Daily\ Sales \times Delivery\ Times] + Minimum\ Stock$

   Order Point = $[80 \times 5] + 120$

   Therefore Order point = 520 Kg**.**

7.

(a) **Specialization:** is the process where by labour performs only one activity and becoming very good at it with the aim of increasing production. Is the process of performing only one activity and become best at it.

(b) Disadvantages of Specialization
   i. Monotony or Boredom – Danger of boredom for workers
   ii. Unemployment – A machines and techniques develop, they may replace workers and cause unemployment
   iii. Loss of creativity – It may lead to a decline in craftsmanship
   iv. Decrease in variety of goods – As machinery takes over, output is standardized which may reduce variety of available goods
   v. If one person or department fails the other department will also fail