

TERM 3

FORM 2 BUSINESS STUDIES. – MARKING SCHEME.

1. Disciplines that make-up Business studies.

- economics
 - commerce
 - accounting
 - office practice
 - entrepreneurship
- any 4x1=4mks

2. Types of business environments

- a. External
 - b. Internal
 - c. External
 - d. External
- any 4x1=4mks

3. Challenges faced in satisfaction of human wants.

- They are unlimited/many
 - Scarce resources to satisfy them
 - are recurrent/felt gain and again
 - some are complimentary
 - change with time age and gender
- any 4x1=4mks

4. Characteristics of free resource.

- They are plenty/abundant in supply
 - Do not change possession
 - They are evenly distributed.
 - they don't have money value/price
- 4x1=4mks

5. Reasons for government involvement in business activities.

- To prevent exploitation of public by private business people.
 - To provide essential goods and services.
 - to attract foreign investment
 - to provide sensitive goods and services
 - To create employment opportunities.
 - to prevent foreign dominance of the economy
 - To stimulate economic development in the country.
 - To create government revenue
- any 4x1=4mks

6. Types of partners.

Minor partner.
Passive /dormant /sleeping
Nominal partner/quasi partner
General partner

4x1=4mks

7. Difference between goods and services.**any 4x1=4mks**

Goods	Services
i. Are tangible	i. Are intangible
ii. Can be stored	ii. Cannot be stored
iii. can be standardized	iii. Cannot be standardized
iv. Can change possession/separable from the producers	iv. Cannot be separated from the provider/cannot change possession
v. Not all goods are perishable	v. Services are highly perishable
vi. Can be change in value over time	vi. Cannot change in value since they cannot be stored

8. Ways in which traders may exploit consumers

- i. Selling poor quality goods and services.
- ii. Over pricing goods and services
- iii. Hoarding goods/artificial shortages
- iv. Misleading advertisement and information
- v. selling unsafe goods/harmful goods
- vi. Breaching of contract
- vii. operating in an unsafe premise
- viii. selling underweight goods

any 4x1=4mks**9. Outline four reasons why a trader may construct own warehouse. .(4mks)**

- i. When goods require special lancing
- ii. To have it in own specification and design
- iii. To have full control of his warehouse
- iv. To avoid hiring changes
- v. To avoid long procedures in a hired warehouse

any 4x1=4mks**10. Means of payment**

- cash
- cheques
- standing order
- Electronic money transfer/Mpesa
- bill of exchange
- promissory note
- postage stamps
- money order
- postal order

any 4x1=4mks**11. Merits of open plan office layout**

- saves on space
- Equipment can be shared
- It is easy to supervise employees
- It is easy to communicate
- it is easy and cheaper to re organize the office
- it is cheaper to construct/maintain/decorate.

Discourages absenteeism

12. Outline any four features of Public Corporations.

- Owned by the government
- Formal hinder act of parliament
- Initial capital provided by the government
- Managed by a board of directors appointed by government
- Dissolved by an act of parliament
- Perform specific tasks
- Enjoy economies of scale

any 4x1

4mks

13. Type of production

- i. Indirect production
- ii. Direct production
- iii. Indirect production
- iv. Direct production

any 4x1=4mks

14. Gaps that may give rise to a Business opportunity

- i. In availability of products
- ii. Poor quality products
- iii. Insufficient quantities
- iv. Unaffordable prices
- v. Poor services.
- vi. Price control/guidelines

15. Ways in which the government may regulate business.

- Through licensing
- Ensuring /setting standards
- Offering advisory services
- Enforcement of standard through bodies
- such as KEBs /Ministry of health
- Legislation i.e rules/regulation that regulate business activities e.g Mututho law
- through trading guidelines

16. ways in which transport promotes the growth of trade.

- i. Assists in the distribution of finished goods
- ii. Aids in transport of labour to the industries
- iii. Assist in movement of raw materials to the industries
- iv. Creates utility of place and time.
- v. Facilitates faster exchange of products
- vi. Avails a wide range of products to the consumers.
- vii. Promotes development of industries
- viii. Helps to avoid wastage

any 4x1=4mks

17. Reasons for use of letters as a means of communication.

- relatively cheap
- Can contain adequate details
- can be kept for future reference
- can serve as evidence for communication
- it is confidential
- its accurate/message cannot be easily distorted

- many copies can be made as required

any 4x1=4mks

18. Roles of stock exchange market

- it facilitates buying of shares
- it facilitates selling of shares
- it safeguards investors interests
- It provides useful information about the performance of the economy.
- It assists public companies to raise capital
- it helps in creation of employment
- helps the government to raise revenue
- It avails a variety of securities

19. Types of warehouse

- free warehouses
- Bonded warehouses
- Private warehouses
- Public warehouses

any 4x1=4mks

20. Importance of filing documents

- to keep the office tidy/clean
- to keep the documents secure/protect from loss
- To keep the documents in good conditions/protect from damage
- To save on space in the office
- To facilitate easy retrieval /finding of needed documents.
- To provide records for future reference

any 4x=4mks

21. Features of a supermarket

- stores a wide variety of goods
- operates on self services /self selection basis
- All goods are sold in cash basis/offers no credit facilities
- Free packaging of goods customers buy.
- Saves time by using machines/cash registers to bill the customers.
- Goods have price tags
- Increases sales volume by giving promotional awards for bulky /large scale purchase
- No bargaining
- Accept credit/debit cards as a means of payment.
- Pays for expenses
- Owns the whole project
- Make decisions
- Solves problems

any 4x14mks

22. Functions of an entrepreneur as a factor of production.

- He organizes/supervises the other factors of production
- He/she pays the rewards for labour, capital and land.
- He/she starts the business
- He/she takes risks by investing in the business
- He provides capital for the business

any 4x1=4mks

23. Barriers to effective communication

- wrong timing in passing the message
 - using inappropriate medium
 - poor speaking or writing skills
 - Interference by noise or other obstacles.
 - Great geographical distance between sender and recipient.
 - Conflicting body languages
 - Emotional and physical problems
 - Prejudgment or negative attitude
 - Using language that is not understood
 - Lack of adequate knowledge of the message
- any 4x1=4mks

24. Outline four circumstances under which non-verbal signs may be used.

- When clarifying a point
 - When communicating a secret
 - When in a noisy environment
 - When communicating to a person a relatively far distance
 - When communicating to the hearing impaired
- any 4x1=4mks

25. Circumstances under which air transport would be suitable for a business.

- when the business wishes to transport goods and people very urgently e.g perishable products
 - When the goods are to be transported over a great distance e.g. from one continent to another.
 - When the goods to be transported are of great value e.g precious stones, jewellery
 - When the area is inaccessible by land rail and water.
- any 4x1=4mks