**BUSINESS STUDIES FORM 3 M/ SCHEME**

***Section A:*** *answer all the questions in this section*

* 1. Basic
  2. Basic
  3. Basic
  4. Secondary (4 x 1 = 4mks)
  5. Inadequate capital (don’t accept lack of:-)
  6. Inappropriate marketing strategies thus low sales.
  7. Unfair, unhealthy competition.
  8. Inefficient management skills.
  9. Inadequate manpower
  10. Inappropriate technology or poor technology. (4 x 1 = 4mks)

1. Price stability / fair prices
2. Good quality products
3. Constant supply
4. Advice on how to use the product / Demonstration on use of product.
5. After-sales services. (4 x 1 = 4mks)

-It is easier for small scale retailers to change from one form of business

-If the size of the market served is small

-Nature of the product that is produced in small scale

-When there’s need to retain control

-To enable quick decision making

- goods made to consumers specification

(4 x 1 = 4mks)

1. Cannot carry a lot of cargo.
2. Tend to increase congestion on the road.
3. Not suitable for long distance journey.
4. Contribute heavily to air pollution/noise pollution.
5. They use fuel which is expensive to buy.
6. They are prone to accidents and can lead to serious injuries. (4 x 1 = 4mks)
7. If the seller does not doubt credit worthiness of the buyer.
8. If the seller wishes to attract more customers.
9. If the seller is not in urgent need of money.
10. If the trader want to use credit sales as a competitive tool.
11. If the amount involved is small and the seller is not afraid of taking the risk. 4mks)

-Democratic administration

-Limited interest on share capital

-Dividends paid to members in relation to their contribution.

-Co-operation with the other co-operatives

-Voluntary and open membership.

-Co-operators must have a common bond. (4 x 1 = 4mks)

1. Guillotine
2. Composite machine
3. Photocopiers
4. Collator (4 x 1 = 4mks)
5. Increase in cost of production.
6. Lack of government incentives e.g. subsidies.
7. Decrease in price of complementary goods.
8. Withdrawal of firms from the market.
9. Incidences of strikes i.e. increase.
10. Inadequate factors of production. (4 x 1 = 4mks)

10.

-Incase of court order

-If partners agree to dissolve

-Where there are continued disagreements among partners

-When suffers contractual capacity e.g insane, bankrupt or dies

-If intended purpose has been met.

(4 x 1 = 4mks)

11.

1. Practiced on a small scale.
2. Leads to production of low quality goods.
3. Low levels of output.
4. Uses simple methods of production.
5. Producer engages in multiple productions.
6. Goods produced are not for sale. (4 x 1 = 4mks)

12.

1. Diversification of the economy.
2. Transforming the education system.
3. Population control.
4. Delocalization to reduce rural-urban migration.
5. Encouraging the informal sector / Jua kali sector.
6. Lending funds at low interest rates. (4 x 1 = 4mks)

13.

1. Facilitates buying of shares
2. Facilitates selling of shares
3. Safeguarding investors interests
4. Assists companies to raise capital
5. Availing a variety of securities (4 x 1 = 4mks)

14.

* Temporary certificate- **Binder**
* Periodic payment by policy holders-**Premium**
* Acquiring rights of the remains of destroying property by the insurer.-**Subrogation**
* Life insurance lasting for a specific period.-**Endownment policy** (4x1=4 marks)

15.

1. The price of the product
2. Market population
3. Consumer income
4. Change in taste, preference and fashion
5. Price of related commodities (4 x 1 = 4mks)

16.

1. Where the company covers many risks.
2. When the possibility of the risk occurring are very high.
3. Where there is need to spread various risks insured by the company.
4. When the value of the item / property insured is too high and would not be easily compensated

by the company.

1. When it is mandatory requirement by the government. (4 x 1 = 4mks)

17.

a) Customs and exercise duty forms government income

b) Assist in detecting illegal goods

c) Helps to collect date and statistics

d) Is useful in implementation of government policies regarding imports and exports.

e) May be used by the government to check quality of goods entering the country (4x1=4 marks)

18.

1. Changing the form of a commodity.
2. Transporting commodities to where they are needed.
3. Storing the commodities until its required.
4. Selling or exchanging the commodity. (4 x 1 = 4mks)

19.

1. High probability of achieving the set goals.
2. Easy to obtain capital for expansion.
3. Accessibility to the market is enhanced.
4. Continuous production activities.
5. Easy to invest anywhere in the country.
6. Accessibility to raw materials. (4 x 1 = 4mks)

20.

1. Offering subsidies
2. Lowering taxes / tax holidays
3. Use of quota system in imports.
4. Enhancing security.
5. Development of roads and communication networks.
6. Training of business persons.
7. Provision of electricity and water. (4 x 1 = 4mks)

**Section B Answer any two questions**

(Points must be well explain to score the other point)

21. Features of oligopoly

1. **Firms are interdependence in decision making**/ firms keenly observe each other’s action / decisions hence acting in any way triggers (counter) reactions (from other firms)
2. **Firms deals with products that are homogeneous** / similar / the products are close substitutes (of each other) but are only differentiated in terms of aspects like colour/packaging/shapes/prices/branding
3. **Firms may engage in non-price competition / the firms under oligopoly** may avoid price wars hence only compete via other means like (aggressive) advertise/after sales service/market segmentation / fixing products
4. **Unpredictability / uncertainty of behavior** since firms( under oligopoly) keep reacting to market changes differently (depending on actions taken by other firms within the market/firms may be taken by surprise
5. **The market is made up of a few (large) firms since firms (operating under oligopoly**) tend to have a large capital outlay / make (extensive) use of modern technology (in their production activities) / control substantial share of the market
6. **There are limiting factors to entry** such as the large capital investment required to be (to be a player in the market) / the level of technology involved (make keep off entrance in to the market) / intimidation / economies of scale / collusion / cartel / accept examples of limiting factors as mention
7. **Firms may engage in price wars / price rivalry / cutthroat** competition which may lead to survival / collapse of (some) firms.
8. **It may lead price rigidity / kinked demand** - occasion by fear other firms reaction / if a firm tries to sell a price above the kinked no other firm may follow it but if below all other firms may follow suit.
9. **There may be price leadership** – where the dominant firm dictates the market price / rates in the market.

(4 x 1 = 4mks)

22

* 1. **Unfair competition** ;leading losses to the firms
  2. **Inadequate technology** ; low production/poor quality of goods
  3. **Unstable political environment**; low business activities and low profits
  4. **Insecurity**; leading to business losses /activities
  5. **Natural calamities**; affecting production
  6. **Unfavourable socio-cultural environment**; discourages entrepreneurial activities and low sales (4 x 1 = 4mks)

23 a) **communication** ; passing of information from one person to another

b) **filing** ; information received is mainly stored in files

c) safeguarding and controlling organization properties; the office ensure that the organization property is protected and controlled.

d) reproduction of documents ; involves photocopying,typing and printing and carbon copying of documents.

e)  **mailing** ; involves processing and sending letters and parcels

f) **receiving and recording information**; the office receives information by such means as letters, telephone calls ,