**ASUMBI GIRLS HIGH SCHOOL**

**TERM 2 – DECEMBER 2021**

**FORM 4 – BUSINESS STUDIES PAPER 2**

**MARKING SCHEME**

**Question one**

a)

1. **Standing order**: is an instruction to the bank by its customer to be paying a certain amount of money to a named person or institution after a given interval until a specified date or until otherwise instructed
2. **Credit transfer**: a method of paying many people using one cheque
3. **Telegraphic transfer**: a method of remitting money offered by commercial banks to anybody who wants to send money to another
4. **Electronic fund transfer**: a method of transferring money from one account to another offered by commercial banks where computers are used
5. **Cheque**: is a written order by the drawer to a bank to pay on demand a specified amount of money to the person named as the payee or to the bearer

b)

1. The extent of the market for goods and services determines the size of the firm
2. The nature of the products sometimes makes it impossible to produce it in large quantities
3. Simplicity of the organisation
4. Flexibility of small firms
5. Quick decision making
6. Belief that small firm is more manageable
7. Rising costs of production such that diseconomies of scale set in very early, the firm has to remain small
8. Few legal constraints

**Question two**

a)

1. Notify the insurer: immediately the risk insured against occurs, the insured should notify the insurer
2. Filling a claim form: after notification, the insurer issues the insured with an official claim form to be filled
3. Investigation of the claim: on receipt of the filled claim form the insurer launches an investigation concerning the cause of the occurrence of the risk
4. Preparation of the assessment report: once its established that the claim is valid, insurance company uses experts called assessors to prepare a report concerning the extent of the suffered
5. Payment of the claim: on receiving the assessors report, the insurance company decides to pay the insured

b)

1. Loss of government revenue that she would be collecting in form of customs duty for goods being imported or exported
2. Possible retaliation by other countries
3. Production of low-quality commodities
4. High prices for locally produced commodities
5. Less consumer choice
6. Danger of the need for perpetual protection
7. Possible emergence of monopolies

**Question three**

a)

1. The initial and maintenance cost of the layout
2. Floor space available
3. Number of employees
4. Nature of work done
5. Staff morale on the given layout

b)

1. No accurate records of expenditure are kept especially in the private sector
2. Expenditures for the subsistence sector can only be mere approximations due to lack of records in this sector
3. Differentiating between final expenditure and intermediate expenditure may be difficult
4. It suffers from the problem of double counting
5. Fluctuating exchange rates may pose challenges especially in valuation of exports and imports

**Question four**

a)

b)

1. Dealing with complaints about defective items bought by members
2. Making sure commodities are not hoarded and that a regular supply is maintained
3. Ensuring that weights and measurements of commodities are correct
4. Ensuring that health and safety regulations are adhered to
5. Ensuring that essential services are available and that their prices are fair
6. Educating their members on their rights

**Question five**

a)

1. It can be retained for future reference
2. Some, like letters are relatively cheap
3. It is suitable for confidential messages
4. Allows for inclusion of fine details
5. It is not prone to distortion of messages
6. Can be used as evidence
7. Can be addressed to many people

**question six**

a)

1. Government intervention
2. Haggling/bargaining
3. Auction
4. Tendering