

KANDARA SUB-COUNTY SECONDARY SCHOOLS FORM 2 JOINT EXAMINATION

BUSINESS STUDIES
Oct/Nov. 2015
MARKING SCHEME

1. Small scale retailers with shop

Single shops
Tied shops
Kiosks
Mobile shops
Market stalls
Canteens
4mks

2. Characteristics of human wants

- insatiable
 - competitive
 - vary in urgency
 - recur
 - universal
 - habitual
 - require resources to satisfy them
 - complimentary
- 4mks**

3. Differences between

Private Ltd company

- a) Formed under company's act
- b) Initially financed by shareholders
- c) Directors nominated by shareholders
- d) No political influence
- e) Profits goes to shareholders
- f) Performs various functions

Public corporation

- a) Formed by an act of parliament
- b) Initially financed by government
- c) Directors nominated by the government
- d) Political influence eminent
- e) Profits go to government
- f) Performs specific functions

4. Circumstances when sign language may be most appropriate

- when communicating parties have hearing problems
 - if one wishes to pass a secret message
 - if the receiver and the sender are far apart but can see each other
 - incase in the environment there is a lot of noise
 - where the recipient and the sender understand the signs
- 4mks**

5. Resources found in a business

- human resource
 - financial resource
 - physical resources
 - technology resource
- 4mks**

6. Benefits of a farmer who is member of a producer cooperative society

- may receive inputs at fair prices
- better prices for the member's produce
- transportation facilities for the produce to the market
- better storage facilities
- credit facilities
- preparation of produce for sale e.g. processing, grading

4mks

7. General insurance

- a) Protection offered to property
- b) Risk insured against may or may not happen
- c) Principle of subrogation applies
- d) Proof of insurable interest
- e) Surrender value **does not apply**
- f) Usually short term
- g) Principle of indemnity applicable
- h) Policy cannot be used as a collateral against a loan

Life insurance

- a) Protection offered to life
- b) Risks insured against must happen
- c) Principle of subrogation does not apply
- d) No need of proof of insurable interest at the time of death
- e) Surrender value is applicable
- f) Usually long term
- g) Principle of indemnity not applicable
- h) Policy can be used as collateral to loans

8. Reasons why Kenya consumer organisations have been ineffective in protecting consumer against malpractices

- lack of funds
- ignorance of the consumers regarding their rights
- lack of support from the government
- reluctance of many consumers to join these associations

9. Benefits of a bonded warehouse to an importer

- preparation of goods for sale
- can look for market before paying custom duty
- gives time to look for funds for the payment of customs duty
- offer protection of goods from theft and adverse weather conditions
- can pass the burden of payment of custom duty to the buyer when goods are sold while still in bond

4mks

10. Advantages of air transport over sea transport in transporting flowers

- its fast
- flowers are perishable hence require faster means
- flowers are valuable
- air transport is secure
- flowers are light in weight
- flowers are not bulky

4mks

11. Duties of a receptionist

- receiving visitors
- receiving telephone calls
- taking and passing messages
- deals with petty cash e.g. newspapers
- supervising messengers
- keeping simple records
- handling appointments for the organisation

12. Advantages of personal selling

- enhances customers loyalty
- buyers make informed decisions
- suitable for literate / illiterate customers
- one can persuade / convince customers to buy
- provide immediate feedback
- demonstration can be done
- enhances personal appeal between buyer and seller

- flexibility in presentation to suit customers needs
- 4mks**

13. Characteristics of an entrepreneur

- creative
 - have self confidence
 - persistent and patient
 - independent
 - time conscious
 - risk taker
 - have ability to solve problems
 - have desire to achieve
 - committed to work
- 4mks**

14. Four reasons why mobile phones are popular

- they are fast
 - immediate feedback
 - can be used to send short messages
 - cost / charges of communication are relatively low
 - can be used for other services e.g. payment of utility bills
 - can be used 24 hours
 - cheap to buy
- 4mks**

15. Factors to consider while choosing office layout

- cost of construction
 - size of staff
 - nature of work to be carried out
 - effect on staff morale
 - space available
 - legal requirements
- 4mks**

16. Differences

Shares

- Unit of capital
- Shareholders are owners of the company
- Shares are paid dividends
- May not have fixed rate of return
- May not have fixed rate of return

17. Features of direct production

- produce low quality products
 - low level of output
 - no specialisation and division of labour
 - encourages individualism
 - does not encourage invention and innovation
 - time wastage in movement from job to another
- 4mks**

18. Functions of Kenya Bureau of Standards

- carrying out tests in laboratory
- putting stamp of approval to show standards have been met
- making regular inspection
- prosecute those who violate the set standards

19. Circumstances under which deferred payment is appropriate

- where seller wants to attract / retain customers
 - where seller wants to increase sales
 - where seller wants to use credit as a means of promoting his products
 - where the seller wants to dispose off slow moving stock
 - where customers are creditworthy
- 4mks**

20. Disadvantages of hire purchase to the buyer

- goods belong to the seller until final instalment is paid
 - buyer cannot sell the goods before he pays the final instalment
 - the buyer may be tempted to buy more than he can afford to pay
 - goods sold on hire purchase are more expensive than those bought on cash basis
 - in case the buyer defaults the sellers reposes the goods
- 4mks**

Debenture

- Unit of loan
- Creditors to the company
- Debentures get interest
- Have fixed rate of return
- Holder do not have voting rights

21. Factors that may promote entrepreneurial practices

- availability of good infrastructure
- political stability
- availability of market
- favourable government policies
- availability of skilled labour
- availability of capital

22. Advantages of sole proprietorship form of business

- a) Few legal requirements
- b) Quick decision making
- c) Proprietor enjoys profits alone
- d) Little capital requirements
- e) The business is flexible
- f) Easy to manage

4mks

23. Reasons why a business is important

- creation of employment
- government earns revenue
- income / profits to the owner
- foreign exchange
- promote innovation and creativity
- development of technology
- variety of goods / services
- utilisation of available resources
- promote peace and understanding

24. Principles of insurance

- indemnity
- subrogation
- contribution
- proximate cause
- insurable interest

25. Means of payment

- cash
- cheque
- postal orders
- money orders
- EFT
- stamps
- M-Pesa
- standing orders
- travellers cheques