**GATITU MIXED SECONDARY SCHOOL**

**OPENER EXAM**

**TERM II 2015**

**BUSINESS STUDIES FORM 2**

1. Give four ways in which the government gets involved in business activities. (4mks)

a)

b)

c)

d)

1. State four disadvantages of sole proprietorship. (4mks)

a)

b)

c)

d)

1. .Outline four reasons for the increased use of motorcycles as a means of transport in Kenya. (4 marks)

a)

b)

c)

d)

1. Indicate the form of business ownership described below: (4 marks)

|  |  |
| --- | --- |
| Description | Form of business ownership |
| 1. Owned by a minimum of two persons and a maximum of 20 |  |
| 1. An association of persons who contribute capital for the business and viewed by law as a legal entity separate from its members. |  |
| 1. Formed by between two and fifty shareholders excluding the employees |  |
| 1. A group of people who come together mainly to provide convenient and efficient services to members. |  |

1. Outline four reasons why the government gets involved in business activities. (4mks)

a)

b)

c)

d)

*MARKING SCHEME*

1. *Consumption of goods and services*

*-production of goods and services*

*-distribution of goods and services*

*- advising producers and traders*

*- promoting trade and economic development*

*Protecting consumers against exploitation*

*(1mk each point 4 marks)*

1. *–poor performance due to lack of specialization*

* *Unlimited liability*
* *Shortage of capital limiting expansion*
* *Long working hours and fatigue*
* *Inadequate management skills*
* *Poor decision making due to lack of consultation*
* *Dis-economies of scale*
* *Owner bears all the risks alone*
* *Lack of continuity in case of death, sickness etc.*

*(1mk each 4 marks)*

1. *- cheap to buy and maintain*

* *Convenient for short distances*
* *Can provide door to door services*
* *Readily available in most places*
* *Saves time*

*(1mk each= 4 marks)*

1. *a) partnership*

*b) Company*

*c) Private Ltd company*

*d) co-operatives*

*(4 marks)*

1. *Prevent exploitation of public by private sectors.*

*- Provide essential goods and services in areas of low profit and high risk.*

*- provide essential goods and services which require large amounts of capital to produce.*

*- Attract foreign investment by initiating major business project.*

*- Stimulate economic development.*

*- Create employment opportunities too sensitive.*

*- Provide goods and services that are too sensitive e.g. weapons.*

*- Prevent foreign dominance. (4 marks)*