## PERFECT STEPS PUBLISHERS

END TERM EXAMS 2015

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**MARKING SCHEME- FORM 2**

FORM 2 BUSINESS STUDIES

END OF YEAR EXAM -2015.

*Time: 2Hours*

NAME……………………………………………………………..ADM…………………………..CLASS…………

INSTRUCTIONS

Answer all the questions.

1. Identify four parties that a business has to be socially responsible to. (4mks).

*i) Employees*

*ii) Suppliers*

*iii) Customers*

*iv) Government*

*v) Community*

2. Define the following terms (4mks)

i) Opportunity cost; *Foregone best alternative where a choice has been made*

ii) Utility; *Ability of a good or a service to satisfy human want.*

iii) Production; Creation of goods and services or increasing their usefulness

iv) Scale preferences; the order in which wants are satisfied starting with the most pressing to the least pressing.

3. Classify the following resources as renewable or non –renewable.

|  |  |
| --- | --- |
| **Resources** | **Classification** |
| Biogas | *Renewable* |
| Wildlife | *Non renewable* |
| Quarry | *Non renewable* |
| Rivers | *Renewable* |
| Limestone | *Non-renewable* |

4. Identify four factors that may affect geographical mobility of labour (4mks)

*i) Age*

*ii) Rewards*

*iii) Security*

*iv) Religious/Cultural differences*

*v) Social amenities*

*vi) Social ties/family/Relatives*

5. State five general principles that govern a cooperative society (5mks).

i) Limited interest on capital

ii) Open and voluntary membership

iii) Democratic administration

iv) Provision of dividend to members

v) Promotion of education to members

*vi) Co-operation with other co-operatives*

6. Highlight four reasons that make many people to engage in direct production (4mks).

i) It is easy to manage

ii) Its cheap to start and run.

iii) Lack of skills to do large scale production

iv) Lack of appropriate technology

*v) Inadequate resources*

7*.* Micah wants to start a hotel business, State five possible sources of finance for his business (5mks).

i) personals savings

ii) Donation from friends and relatives

iii) Loan from banks and other financial institutions

iv) Trade credit

v) Inheritance

vi) Sale of personal properties

vii) Leasing out some personal properties

8. Identify four factors that one would consider when choosing a means to reproduce documents (4mks).

i) Cost

ii) Quality of the document required

iii) Availability of the means

iv) Speed /Urgency

v) Effect on the environment

9. Highlight four roles played by pro-former invoice (4mks).

i) Shows how the invoice will look like if the order is approved

ii) Can be used to serve as a quotation

iii) Sent when the seller does not want to give credit.

Iv) Used as a polite way of asking for payment

v) Helps the importers to get customs clearance before goods are delivered

10. Explain four qualities of a good filing system (8mks).

i) Simple- It should be simple to understand and operate

ii) Accessible- Easy to retrieve documents without disturbing others

iii) Suitable- Should be able to serve the needs of the organization

iv) Elastic- Should be able to cater for future changes and expansion

v) Safety- Should protect document from damage, misplacement or landing into unauthorized hands.

vi) Economical- The system should be affordable

11. State four types of large scale retailers (4mks)

i) Hypermarkets

ii) Supermarkets

iii) Departmental stores

iv) Chain stores/Multiple shops

12. Differentiate between debit note and credit note (4mks).

*Debit note is document sent by the seller to the buyer to inform him that the amount payable by him has been increased while credit note is sent by the seller to the buyer to inform him that the amount payable by him has been decreased.*

13. State five reasons as to why a seller may prefer cash with order (5mks).

i) If the buyer is new to the seller

ii) If the seller does not trust the buyer

iii) If the seller wants to avoid debt collection expenses

iv) In case of mail order business

v) If the seller has inadequate finances

14. State five factors that Achieng would consider if he wants to construct a warehouse (5mks).

*i) Cost*

*ii) Appropriate location*

*iii) Proper building design*

iv) Availability of good infrastructure

v) Requirements of the law

vi) Availability of adequate space

15. List down five elements of communication (5mks)

*i) Sender*

*ii) Receiver*

*iii) Message*

*iv) Channel*

*v) Feedback*

16. Highlight four reasons that would make one choose motorcycle transport rather than human portage (4mks)

*i) Motor cycle is faster than human portage*

*ii) In human portage, the energy is exhaustible and so may not be suitable for a long distance*

*iii) Motorcycle can handle fairly heavy goods*

*iv) Motorcycle is more convenient for people transport.*

17. Outline five differences between general insurance and life assurance (10mks)

|  |  |
| --- | --- |
| ***Life assurance*** | ***General insurance*** |
| *Indemnity is not possible* | *Indemnity applies* |
| *There is surrender value* | *No surrender value* |
| *No over or under insurance* | *Cases of under or over insurance are there* |
| *Premiums depend on sum assured* | *Premiums depend on value of the property* |
| *Risk bound to happen* | *Risk may not happen* |

18. State five qualities of a good sales person (5mks)

*i) Should have good communication skills*

*ii) Should be persuasive*

*iii) Should be a good listener*

*iv) Should be honest*

*v) Should be neat and well groomed*

19. Highlight five advantages of using e-mail in communication (5mks).

i) Relatively cheap

ii) saves message for future reference

iii) Makes it possible to get immediate feedback

iv) Relatively fast

iv) Can send detailed information

20. Give five reasons as to why consumers need to be protected by the government (5mks).

i) To protect them from false advertisement

ii) To protect them from unfair prices

iii) To protect them from false measurements

iv) To ensure goods sold to consumers are of the right quality

v) To prevent them from shortage of goods that may result from hoarding

21. State five ways in which transport promotes trade (4mks)

i) Assist in the distribution of finished goods

ii) Helps in movement of employees

iii) Movement of raw materials to production firms

iv) Creates place utility