**BUSINESS STUDIES FORM 3 DECEMBER 2021 MARKING SCHEME**

1. **Displines relating to the statements.**
2. Economics
3. Entrepreneurship.
4. Accounting.

3 × 1 = 3marks

1. **Ways in which a good filing system may facilitate the operations in an office.**
2. Saves on space.
3. Office is kept tidy.
4. Ensures confidentiality of information.
5. Information is preserved for future reference.
6. Security of documents is ensured.
7. Facilitates quicker decision making.

4 × 1 = 4marks

1. **Factors considered when choosing a means of transport.**
2. Packing requirements.
3. Availability of the means.
4. Distance to be covered.
5. Cost of transport.
6. Nature of goods.
7. Speed/urgency.

4 × 1 = 4marks

1. **Qualities of a successful sales person**
2. Thorough knowledge of the product.
3. Good communication skills.
4. Confident.
5. Ability to be persuasive.
6. Polite and courteous.

4 × 1 = 4marks

1. **Effects of ageing population.**
2. Old people tend to provide a less mobile labour force.
3. Low labour supply.
4. High dependency on working population.
5. May lead to unemployment de to fall in demand for goods and services required by the youth.
6. Society may become less progressive.

4 × 1 = 4marks

1. **Circumstances in which a cheque may be used as a means of payment.**
2. When the amounts are high.
3. When evidence of payment is required.
4. Where the terms of sale is C.W.O.
5. When using credit transfer means of payment.
6. Where the drawer does not want to travel to the bank.
7. When there is need to ensure security safety of the money being transferred.
8. When payment is to be directed into the payees account.

4 × 1 = 4marks

1. **External factors that may negatively influence the operations of a business.**
2. Insecurity.
3. Strong customer bargaining power.
4. Unreliable supply system.
5. Unstable economic environment.
6. Unfavourable legal framework.
7. Unfair competition.
8. Unstable political environment.

4 × 1 = 4marks

1. **Advantages of systematic arrangement of goods in a warehouse.**
2. Minimized breakage of goods.
3. Pilferage of goods would be reduced.
4. Space available would be properly utilized.
5. Easy to do stock taking.
6. Contamination of goods would be reduced.
7. Accessibility would be enhanced.

4 × 1 = 4marks

1. **Diseconomies of scale**
2. Managerial.
3. Increased overheads.
4. Inadequate raw materials.
5. Lack of skilled labour.
6. Power shortages and rationing.
7. Inadequate finance.
8. Inadequate space for expansion.
9. Overproduction leading to low market and profit.

4 × 1 = 4marks

1. **Types of information that a manager may communicate to the juniors**
2. Communicating appointment.
3. Communicating changes in the organization.
4. Induction, orientation and training.
5. Instructions/directions.
6. Invitation/delegation of duties.
7. Motivating/inspiring juniors.
8. Information on discipline.
9. Evaluation on performance.
10. Giving solutions to juniors on issues.

4 × 1 = 4marks

1. **Circumstances in which the government may be involved in business activities.**
2. When there is need to reduce foreign dominance.
3. When there is need to have balanced regional development.
4. When there are monopolies in the economy.
5. Where a business venture requires large investment of money.
6. When the goods and services to be provided are essential.
7. When the government needs to generate income through revenue collection.
8. When there is need to safeguard national security/sensitive products e.g. firearms.

4 × 1 = 4marks

1. **Problems faced by consumers as they try to satisfy human wants.**
2. Unlimited nature of human wants.
3. Recurrent nature of human wants.
4. Change in nature of wants with age and time.
5. Complimentary nature of some wants.
6. Habit forming nature of some wants.
7. Scarcity of resources.

4 × 1 = 4marks

1.

**XYZ TRADERS**

**BALANCE SHEET**

**AS AT 30TH JUNE 2011**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **SH.**  |  | **SH.**  |
| **Fixed assets**  |  |  |  |
| Machinery  | 300,000 | Capital  | 270,000 |
| **Current assets**  |  | **Long term liabilities**  |  |
| Stock  |  50,000 | Bank loan  | 120,000 |
| Debtors  |  60,000 | **Short term liabilities**  |  |
| Cash  |  40,000 | Creditors  |  60,000 |
|  | **450,000** |  | **450,000** |

8 × ½ = 4marks

1. **Circumstances when a manufacturer may prefer selling directly to consumers.**
2. When goods are perishable.
3. When the manufacturer is financially strong to open up retail outlet.
4. If the manufacturer wishes to take charge of marketing of the products.
5. When the manufacturer wishes to have direct contact with the consumers.
6. When the market for the product is limited.
7. When there is inefficient infrastructure.

4 × 1 = 4marks

1. **Reasons for taking endowment policy.**
2. Premiums are paid only during an agreed period.
3. Compensation is paid after the expiry of an agreed period.
4. Assured benefits unless death precedes expiry of agreed period.
5. Acts as a saving plan for future investment.

4 × 1 = 4marks

1. **Participants in a two sector economy**
2. Households.
3. Households
4. Firms
5. Firms

4 × 1 = 4marks

1. **Types of utilities**
2. Place
3. Possession.
4. Form.

3 × 1 = 3marks

1. **Features of oliogopoly**
2. Industry is dominated by few large firms.
3. There is interdependence between firms.
4. Products are usually.
5. Firms practice non price competition.
6. There is usually collusion in the industry.
7. There are barriers to entry.

4 × 1 = 4marks

1. **Effects of excess demand and excess supply on market prices**

0

D

D

S

S

P1

Pe

P2

Excess supply

Excess demand

Equilibrium point

Quantity demanded and supplied

Qe

Where;

Dd – Demand curve

Ss – Supply curve.

Qpe – Equilibrium price.

P2 – Price below equilibrium

P1 – Price above equilibrium.

1. If the price is set at p2 below the equilibrium, then there is excess demand as more customers are willing to buy the low priced commodities.
2. At the same time, if prices are set at p1, above the equilibrium then there will be excess supply as sellers would be wiling to reap the most.
3. Since both conditions are unfavourable, the prices have to be adjusted towards the equilibrium.
4. **Principles that distinguish cooperative societies from other forms of business organizations.**
5. Limited interest on share capital. Capital paid is meant for running the cooperative but not for generating interest.
6. Democratic administration. Decisions are made by members as a one vote basis/ management committee elected on one man one vote basis.
7. Non profit motivated. Revenue generated is meant to meet expenses of the society/ any excess revenue over expenditure is share d proportionately.
8. Promotion of education to members. Cooperatives are obliged to educate their staff through seminars and workshops.
9. Political/religious neutrality. Cooperatives are not supposed to favour or identify with any political or religious group.
10. Cooperation with other cooperatives in order to share ideas and experiences at all levels.
11. Repayment of dividends/distribution of surplus and pre-rate basis at regional, national and international level.
12. Limit on the number of shares one can buy to avoid business central by one/few members.

Any 5 × 2 = 10marks

1. **Importance of business plan.**
2. To avoid mistakes. It helps to identify mistakes that would occur and hence correct them.
3. To identify strengths and weaknesses. The strength is captured in the plan to boost the business while remedial action is taken to deal with identified weaknesses.
4. To meet financial requirements. For the business to operate effectively. Finances either to start/expand the business.
5. To allocate resources, in the most appropriate way.
6. To motivate employees, so that they can work hard o achieve the goals stated in the plan.
7. To allow adaptability, to provide room to accommodate any unforeseen changes.

Any 5 × 2 = 10marks

1. **Ways of reducing unemployment in Kenya**
2. Delocalization of balanced regional development to reduce rural-urban migration.
3. Encouraging the informal/jua kali in order to promote self employment.
4. Diversification of the economy by encouraging establishment of different industries to create more employment.
5. Establishing and employment policy by government to make it easy for people to get jobs.
6. Exporting labour/assisting unemployed to get jobs abroad.
7. Population policy to control growth in order to have a labour force that the economy can absorb.
8. Increased government expenditure to expand the size of the economy.

Any 5 × 2 = 10marks