**BUSINESS STUDIES**

**FORM TWO**

**Marking scheme**

**END OF TERM 3 2022**

1. **Sources of capital for a sole proprietorship.**
2. Personal savings.
3. Contributions from friends and relatives.
4. Loans from banks and other financial institutions.
5. Buying goods on credit.
6. Buying on hire-purchase.
7. Ploughing back profits.
8. From inheritance
9. Leasing and renting out properties.

2a) Foreign trade.

b) Home trade.

c) Foreign trade.

d) Home trade.

**3. Disciplines studied under business studies.**

1. Economics
2. Commerce
3. Accounting
4. Office practice
5. Entrepreneurship.

**4. Ways through which the government creates a viable working environment for business people.**

1. Providing incentives e.g. tax reduction and tax holidays /excerptions.
2. Providing a good infrastructure e.g. good transport system.
3. Offering financial assistance to business people.
4. Organizing shows, trade fairs and exhibitions through which traders can promote their products.
5. Training people on appropriate ways to carry out business.
6. Advising people on legal matters e.g legal formalities required by various businesses.
7. Providing security.
8. Drafting fair policies.
9. Loan guaranteeing.

**5. External factors that may negatively influence business operations.**

1. Unfair competition.
2. Inappropriate technology.
3. Unstable political environment.
4. Unstable economic environment.
5. Unfavourable legal frame work/unfavourable government policies.
6. Unreliable supply systems.
7. Strong consumer bargaining power.
8. Poor physical facilities/infrastructure.
9. Low population level/market labour.
10. Unfavourable social –cultural environment.
11. Insecurity.
12. Natural calamities
13. Negative publicity.

**6. Characteristics of secondary wants.**

1. One can survive without them.
2. They are satisfied after basic wants.
3. They make a persons’ life more comfortable.
4. They are competitive.

**7. Benefits of proper filling to a business organization.**

1. Vital documents are kept for future reference/evidence.
2. Easy retrieval and accessibility of documents.
3. Economical use of available space.
4. Documents are kept safe from damage.
5. Limits accessibility of documents to only authorized persons.
6. Aids in office tidiness.
7. May help the organization to keep some documents for the length of time as specified by law.
8. Keeps the documents neat.
9. Documents are secured from loss.

**8. Factors that may lead to the success of a business.**

1. Availability of capital.
2. Developed infrastructure.
3. Availability of skilled labour.
4. Government support.
5. Access to the market/customers.
6. Aggressive marketing.
7. Proper debt management.
8. Availability of security
9. Ideal location/suitable location
10. Fair competition.
11. Good management.
12. Proper allocation of resources.
13. Proper record keeping.
14. Fair pricing
15. Political stability.

**9.Advantages of division of labour.**

1. Increased out put.
2. Individual skills are developed.
3. Production of standardized goods.
4. Maximum use of machinery.
5. Encourages innovation and invention.
6. Saves time.
7. High quality goods are produced.
8. Reduced cost of training**.**

**10. Complaints that may be received from consumers.**

1. Poor quality goods and services /damaged goods.
2. Incorrect measures/weights.
3. Unfair pricing/over pricing/overcharging.
4. Poor hygienic conditions.
5. Expired goods.
6. Contrabands/prohibited goods.
7. Hoarding of goods.
8. Misleading advertisements.
9. Environmental pollution.
10. Breach of contract.

**11. Circumstances under which a cooperative society may be dissolved.**

1. Incase of government order/change in law.
2. Where the cooperative society continuously make losses.
3. Where stipulated majority of the members agree to dissolve.
4. Incase of a court order.
5. Where the cooperative society has achieved the objective for which it was formed.
6. Incase of withdrawal of members to less than ten.
7. If it is declared insolvent.

***NB: Don’t tick Bankruptcy it applies to an individual.***

12. Retail businesses that a school leaver may engage in.

1. Kiosks
2. Canteens
3. Tied shops.
4. Single shops
5. Market stalls
6. Mobile shops.
7. Roadside selling
8. Open air market trading.
9. Hawking.
10. Peddling
11. Automatic vending machines.

**NB: The trader should not be awarded any marks.**

**13. Personal attributes of a personal secretary.**

1. Physical appearance e.g good personal grooming.
2. Good health.
3. Good moral behavior.
4. Good posture.
5. Good hygiene.

**14. Examples of market gaps.**

1. Inavailability of product.
2. Poor quality products.
3. Insufficient quantities.
4. Unaffordable prices.
5. Poor services**.**

**15**

1. Possession utility.
2. Place utility.
3. Time utility.
4. Form utility.

**16. Differences between goods and services.**

|  |  |
| --- | --- |
| **Goods** | **Services** |
| 1. Are tangible. 2. Can be stored. 3. Can be standardized. 4. Can change possession/separable from the producers. 5. Not all goods are perishable. 6. Most can be seen. 7. Can change in value over time. | 1. Are intangible. 2. Cannot be stored. 3. Cannot be standardized. 4. Cannot be separated from the provider. 5. Highly perishable. 6. Cannot be seen. 7. Cannot change in value, since they cannot be stored. |

**17.**

1. Macro-environment.
2. Macro-environment.
3. Micro - environment.
4. Micro – environment.

**18. Public utilities provided by the county government of Meru.**

1. Education.
2. Health.
3. Transport.
4. Water
5. Sewerage.
6. Power
7. Communication.

**19. Contents of a memorandum of association.**

1. Name clause.
2. Objects clause.
3. Situation clause.
4. Liability clause
5. Capital clause.
6. Declaration clause.

**20. Circumstances under which cash payment is appropriate.**

1. Where the amounts involved is small.
2. Where the payee does not accept any other means of payment.
3. Where cash is the only means available.
4. Where the payee requires cash urgently.
5. Where there is need to avoid expenses associated with other means of payment.

**21. Factors to be considered when buying office equipment.**

1. Space available.
2. Use of which it may be put.
3. Adaptability.
4. Technological trends in the economy/obsolescence.
5. Cost of buying/funds available.
6. Skills available.
7. Cost of maintenance.
8. Effect on staff morale
9. Availability of spare parts
10. Availability of power.
11. Durability
12. Quality.
13. Possibility of hiring rather than buying.
14. Terms and conditions of payment.
15. Prestige/image.

**22. Reasons for a business to prepare a business plan.**

1. To avoid mistakes.
2. Indentifying strengths and weaknesses.
3. A requirement by financiers.
4. To determine the amount of finance required.
5. For proper allocation of resources.
6. It’s a motivating factor.
7. For adaptability.

**23.**

1. Direct production.
2. Indirect production.
3. Indirect production.
4. Direct production.

**24. Roles of the Nairobi Stock Exchange Market as a market for securities.**

1. Facilitates buying of shares.
2. Facilitates selling of shares.
3. Safeguarding investors interests.
4. Providing useful information to investors to enable them make decisions on investment areas.
5. Assist companies to raise capital through sale of shares/I.P.O
6. Creates employment to brokers and Agents.
7. Raises revenue for the government.
8. Avails a variety of securities e.g. shares, treasury bills and bonds.
9. Fixing prices of securities.
10. Measure of country’s economic progress.
11. Promotes the culture of saving.

**25principles of cooperatives.**

a.) Open and voluntary membership

Members wishing to join cooperatives societies do no voluntary basis and can leave at will. They are however, expected to meet basic requirements before they can join.

b.) Education for members

Support for educational activities with movement/aimed to foster cooperative principles at all levels to encourage membership and teaching.

c.) The principle of democratic control

The administration of cooperatives is entrusted to a committee elected by members on the basis

d.) Payment on dividends/share of profits

Profits made is shared among the members according to their contribution

e.) Limited interest on share capital

Limited interest should be allowed on capital but based on a fixed rate.

f.) Co-operation with other co-operatives