**FORM 2**

**BUSINESS STUDIES**

**TERM 2 2022 OPENER EXAM FORM 2**

***MARKING SCHEME***

1. **State four sources of capital for a sole proprietorship business. (4mks)**
* Inheritance
* Personal savings
* Getting goods on credit
* Getting goods on hire purchase
* Leasing or renting out one’s properties
* Donations from friends and relatives
* Ploughing back profit.
* Borrowing from friends

**2. State four advantages of open office layout.(4mks)**

* Easy supervision of workers
* Construction cost is low because partitions are few
* Easy location of workers
* Staff movement is minimized thus saving time on passing communication
* Workers make good use of office machinery and equipment since close supervision discourages them from misusing them
* Maintenance cost is low
* Floor space is saved
* Its cheap to decorate

**3. Identify four clauses constituent in the memorandum of association. (4mks)**

Capital clause

Situation clause

Declaration clause

Liability clause

Objects clause

**4.State four principles governing the operations of co-operative societies. (4mks)**

***Open and voluntary membership***

***Democratic Administration***

***Dividend or repayment***

 ***Limited interest on share capital***

 ***Promotion of Education***

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

**5. Highlight four circumstances under which a cheque may be dishonored. (4mks)**

* Insufficient funds
* Signature differing
* Post dated cheque
* Stale cheque – presented six months after issue
* Drawer closed account with the bank
* Death, insanity or bankruptcy of the drawer
* Alterations in the cheque

***(the answer should start with either*; ‘if’, ‘when’** or **‘where’)**

 **6. State four roles of office in an organisation.(4mks)**

*Receiving and recording information*

*Distribution of information*

*Mailing*

*Reproduction of document*

**7. State four roles of Nairobi stock exchange market as a market for securities. (4mks)**

* Facilitates buying of shares-
* Facilitates selling of shares
* Safeguarding investors’ interests
* Provides useful information
* Assist companies to raise capital
* Creation of employment
* Raising revenue for the government.
* Availing a variety of securities
* Fixing of prices
* Measures a country’s economic progress
* Promotes the culture of saving

**8. State four characteristics of basic human wants. (4mks)**

One cannot do without them

They are satisfied before secondary wants

They cannot be postponed

They are felt needs

**9.Identify the utility created by the following activities. (4mks)**

**(i)manufacturing…..form**

**(ii)transport…..place**

**(iii)warehousing..…time**

**(iv)trade\_\_\_possesive**

1. **Match the four factors of production with their respective rewards.(8mks)**

|  |  |
| --- | --- |
| **Factor** | **reward** |
| **(i)land** | **Rent/rates** |
| **(ii)labour** | **Salaries/wages** |
| **(iii)entrepreneurship** | **profit** |
| **(iv)capital** | **interest** |

1. **State four services rendered by retailers to consumers. (4mks)**

Availing a variety of goods

Credit facilities

Advice

Breaking bulk

After sales services

1. **Give four elements that makes up the internal business environment. (4mks)**

Owners

Business structure

Business culture

resources

1. **Highlight any four uses of computer in an office. (4mks)**

Communication

Complex accounting

Storing staff information

Preparation of documents

***(Any other relevant answer)***

1. **Identify the four essential elements of transport.(4mks)**

Unit of carriage

Method of propulsion

Terminal

ways

1. **State four disadvantages of air transport. (4mks)**
* Causes noise pollution
* Air fields are not available in all places
* Cannot be conveniently used to carry heavy and bulky goods
* Expensive to acquire and maintain aircrafts
* Requires highly trained manpower e.g. air traffic controllers, pilots e. t. c
* Unfavorable weather conditions such as fog, mist and heavy rains smay cause delay
* It is an expensive means of transport in terms of freight charges
* Not suitable for transporting inflammable goods such as cooking gas and petrol
* In case of accidents results are catastrophic/ accidents are rare but fatal.
* Has limited carrying capacity which should not be exceeded.
* It is not flexible.
* Most air fields/ terminals are located some distance away from town/ city centers and therefore require transport or railway links that are affected by jams occasionally causing delays.
* Recent hijackings by terrorists have made air transport an insecure means especially for transporting valuables.
1. **State four factors to consider when selecting means of transport. (4mks)**

Cost

Distance

Urgency

Availability of the means

Security

Nature of goods

1. **Name the two types of shares.(2mks)**

Preference shares

Ordinary shares