**MID- TERM THREE 2022**

**BUSINESS STUDIES FORM TWO**

**Marking scheme**

**SECTION A**

Answer all questions

1.State any four methods that may be used to reproduce documents (4mks).

*-carbon copying*

*-ink duplicating*

*-photocopying*

*-spirit duplicating*

*-stencil printing/ computer printing/ offset litho*

2.Why does Kenyan government encourage entrepreneurial culture in the country(4mks)

*-creation of employment*

*-formation of capital*

*-Reduction of rural urban migration*

*-Raising standards of living*

*-provides revenue to the government*

*-making use of local resources*

*-improve on balance of payments*

*-Reducing foreign dominance in the economy*

3.State four situations that indicate existence of a business opportunity (4mks)

*-unavailability of products*

*-Inadequate commodities*

*-Too high prices*

*-Poor quality product*

*-Poor services*

4.Highlight any four roles that are palyed by ethics in businesses (4mks)

*-ensures fare play in competition*

*-ensures rights employees are upheld*

*-ensures customers are well treated*

*-ensures business operates in compliance with the law*

*-ensures right people are assigned right job*

5.State four reasons why it is difficult to satisfy human wants(4mks)

*-human wants are unlimited*

*-resources to satisfy human wants are scarce*

*-reccurent*

*-habitual*

*-vary in intensity and urgency*

6.State the nature of the following production activities (4mks)

|  |  |
| --- | --- |
| Activity | Nature |
| a)Flour milling | *Processing* |
| b)Bread baking | *Manufacturing* |
| c)Cloth making | *Manufacturing* |
| d)Cotton ginning | *Processing* |

7.State any four clauses contained in the memorandum of association (4mks

*-name clause*

*-situation clause*

*-capital clause*

*-objective clause*

*-liability clause*

*-declaration*

8.Highlight any four sources of capital for a savings and credit co-operative (4mks)

*-members registration fees*

*-members share contribution*

*-interest on loans advanced to members*

*-Income from investments such as shares & buildings*

*-Renting and leasing property*

*-longterm and short term borrowing*

9.Public corporations are important part of an economy. Outline any four ways in which they can be improved (4mks)

*-Ensuring that appointment to senior and technical posts are done on merit*

*-enhancing the supervisory role of the government*

*-Continuous training of staff for development*

*-setting performance targets to be reached*

*-establishing incentive systems for motivation*

*-introducing modern technology*

*-reducing monopolistic tendencies*

10.State four reasons why the government may find it necessary to protect consumers (4mks)

*-consumers are weak because they act individually/lack of collective bargaining*

*-consumers are ignorant of their rights*

*- consumers are ignorant about quality/ quantity/ prices of goods*

*-supplies are often after quick profits by selling underweight / expired products*

11.Outline four differences between water transport and air transport (4mks)

|  |  |
| --- | --- |
| Water transport | Air transport |
| *Suitable for transporting heavy and bulky goods* | *Suitable for light goods* |
| *Not accessible to land locked countries* | *Accessible to land locked countries* |
| *Not suitable for transporting perishable goods* | *Suitable for transporting perishable/ urgently required commodities* |
| *Does not cause noise pollution since vessels pass through uninhabited areas most times* | *Cause noise pollution* |

12.State four factors to consider when establishing a warehouse for imports (4mks)

*-equipment / handling facilities*

*-security/ safety*

*-building design*

*-personnel/ management*

*-proximity/nearness to point of entry*

*-Existence of basic infrastructure*

*-compliance with legal requirements/ government policy*

*-storage facilities/equipment*

13.State four reasons why safaricom keeps on advertising its services despite its popularity(4mks)

*-to correct any misleading information about its products*

*-to cope up with competition*

*-to inform new consumers about existence of a product*

*-to increase sales volume*

*-to maintain customers loyalty*

*-to educate customers on use of products*

14.State four means of written communication

*Telegram notice letters memo telex report circular agenda*

*facsimile minutes*

15.Highlight four reasons for studying business studies in Kenya (4mks)

*-career*

*-helps in appreciateing role of government in business*

*-Helps learners to appreciate the need for ethics in business*

*-assist learners to understand his/ her environment better*

*-assist learner to aquire self discipline and positive attitude towards work.*

16.Highlight any three aids to trade (4mks)

*-Coomerce-study of trade and aids to trade*

*-economics-study of how human beings strive to satisfy their unlimited wants using the limited resources*

*-accounting-systematic way of recording business transactions in monetary terms in a set of records and the use of such records*

*-equips the learners / members of the community with knowledge needed to evaluate business perfomance*

**17..State four ways of attracting customers that traders may use (4mks)**

*-traders may offer credit facilities to regular customers*

*-traders should be friendly/ honest to customers*

*-offering after sales services to customers*

*-maintain regular / continuous supply of goods / services to customers*

*-good customer relations / personal selling*

**18.Complete the table below giving the meaning / description of the type of advertising (4mks)**

|  |  |
| --- | --- |
| Type | Description |
| i)Informative | *Creates awareness of the product* |
| ii)Institutional. | *Promotes the name of the manufacturer* |
| iii)Competitive | *Persuades customers to buy the products* |
| iv)Product | *Promotes a particular brand of the product* |

**19.Mention four types of life Assurance policies (4mks)**

*-whole life assurance*

*-endowment insurance*

*-term insurance*

*-statutory scheme*

**20.Outline the conditions that an insurance contract should meet for it to be legally valid. (4mks)**

*-it must be for a legal purpose*

*-parties must have legal capacity to contarct*

*-there must be payment and consideration*

*-the terms and conditions of the contract must be accepted by both the insurer and the insured*

**21.Explain what is meant by the term double insurance (2mks)**

*Taking an insurance cover with more than one insurance company in respect of the same subject matter and risks.*

**SECTION B**

22.Highlight four factors that a farmer should consider when choosing a means of transport for tomatoes (4mks)

*-cost*

*-reliability*

*-availability*

*-terminals*

23.State four characteristics of a good filling system. (4mks)

*-economical / should be affordable*

*-allows easy access of documents*

*-Appropriate to the needs of the business*

*-Simple to operate*

*-occupy less space*

24.Outline four factors that can cause a business to succeed (4mks)

25.Describe these terms (4mks)

a)Enterprise competition

*-business competing with one another by supplying similar products*

b)Generic competition

*business competing with one another in supplying different products that can be used to satisfy the same need*

26.Highlight two types of business activities (2mks)

*-trading*

*-extraction of raw materials*

*-manufacturing*

*-processing*