**NAME: ………………………………………………… ADM NO: ……………………**

**CLASS: ………………………………………………… DATE: ………………………**

**BUSINESS STUDIES**

**FORM 2**

**OPENER EXAMINATION TERM 3, 2022**

**MARKING SCHEME**

1. State the **term given to each of the following descriptions.** (4mks)
2. Systematic way of recording business activities **accounting**
3. Ability to organize other factors of production in the right proportion in order to start and run a business **entrepreneurship**
4. Study of how human beings strive to satisfy their unlimited wants using scarce resources **economics**
5. Activities that are carried out in an office **-office practice**
6. Highlight four **features of basic human wants**. (4mks)
7. They are felt needs
8. They cannot be postponed
9. They are essential for human survival
10. They are satisfied before secondary wants
11. They are universal
12. Highlight four **sources of capital for companies**. (4mks)
13. Sales of shares
14. Borrowing from financial institutions eg. Banks
15. Profits ploughed back
16. Trade credit
17. Leasing of property
18. Debentures
19. Bank overdraft
20. Renting of property
21. Acquiring property through hire purchase
22. Outline four **documents used in the delivery process in home trade. (**4mks)
23. Packing note
24. Advise note
25. Delivery note
26. Consignment note
27. Outline four **features of labour as a factor of production**. (4mks)
28. Labour is perishable /cannot be stored
29. It is not separable from the labourer/provider
30. The quality of labour is valuable/ cannot be standardized
31. It is mobile/can move from one place to another (geographically mobile)
32. It is a basic factor of production
33. Quality of labour can be improved through training
34. It earns salary, wages, commission
35. Highlight four **reasons why the government regulates business activities in the country** (4mks)
36. To control unhealthy/wasteful competition
37. To curb illegal business
38. To protect consumers against malpractices by traders
39. To control environmental degradation
40. Mr. Sudi started a business a year ago. The business started experiencing problems in the second year and shortly thereafter closed its doors. Outline **four possible reasons why the business failed.** (4mks)
41. Lack of market for the business products
42. Lack of resources to finance the business operations
43. Lack of managerial skills required
44. Poor allocation of resources
45. Stiff competition from other retailers
46. Poor location of business making it inaccessible to customers
47. Insecurity
48. Lack of commitment from Sudi to the business
49. Poor customer relations
50. Inappropriate pricing strategies
51. Poor record keeping on the business activities
52. Political instability/wars
53. Unfavorable government policies eg. High taxation
54. Inadequate stock
55. Unsuitable labor
56. State four **benefits of a good transport system to an entrepreneur.** (4mks)
57. Access to wider market
58. Able to get adequate labour easily
59. Helps reduce the cost of transporting goods
60. Enables easy access to social services and other aids to trade
61. Enables the entrepreneur to safeguard surplus from damage and wastage.
62. Name the **type of economic resources described by the following features**. (4mks)
63. There are resources whose use can be restored or used again **renewable resources**
64. They are resources created by the man to assist in further production **manmade/artificial resources**
65. Are physical or mental efforts rendered by a human being in production **human resources**
66. Are resources provided by the nature and are referred to as gifts of nature **natural resources**
67. Outline four **activities that take place in a ware house**. (4mks)
68. Receiving goods
69. Storing goods
70. Documentation
71. Releasing/issuing of goods
72. Sorting goods
73. Blending goods
74. Packing goods
75. State the level of production in each of the following activities. (4mks)

|  |  |
| --- | --- |
| **Activity** | **Level of production** |
| 1. Cooking meals for students | **Tertiary** |
| 1. Harvesting maize | **Primary** |
| 1. Distribution of kerosene | **Tertiary** |
| 1. Boiling milk using electricity | **Primary** |

1. Highlight **four barriers to effective communication**. (4mks)
2. Inappropriate language
3. Wrong attitude
4. Wrong timing
5. Poor listening
6. Choice of the wrong medium
7. Prejudice
8. Emotional response
9. Presence of noise
10. Misinterpretation of non-verbal signs
11. Highlight four **importance of entrepreneurship to the growth of the economy**. (4mks)
12. Create employment
13. Make use of locally available resources
14. Improve citizens standards of living
15. Saves the country’s foreign exchange
16. Promotes technological advancement
17. Promote entrepreneurial culture
18. Promote formation of capital
19. Promote development of infrastructure
20. Reduces rural-urban migration
21. Reduces foreign dominance of the economy
22. Sources of government revenue eg. Taxes, fees
23. Highlight four **reasons why Kenya needs to encourage the use of pipeline transport.** (4mks)
24. It is cheap to maintain after construction
25. Its labor saving as it is capital intensive
26. Large volume of the product is delivered quickly
27. Can deliver the product for 24hours daily
28. Its environmental- friendly as pipes are laid underground
29. Reduces accidents on our roads by tankers
30. Reduces congestion on our roads
31. Outline **the functions of the following office machines.** (4mks)
32. Shredder - tearing /cutting unwanted documents into small pieces discarding them
33. Franking machine - printing postage impressions on letters and parcels for postage
34. Cash register -used to print cash sales receipts and record the transactions
35. Cell phone -used to make calls and send or receive short written message (SMS)in the office
36. Outline **four reasons why producer cooperatives are popular in Kenya**. (4mks)
37. Because they can get better prices for their members
38. They can get better storage facilities for their products
39. They can provide better and reliable transport means for moving the products from the sources to the market and building feeder wads.
40. They can provide loans to the members.
41. They can provide farm inputs on credit to members
42. They can educate members on better methods of production through seminars, field trips etc.
43. James is an employee in XYZ company limited. He has not been performing his duties well and customers keep on complaining. Outline four **personal attributes he should improve on to perform his duties well.** (4mks)
44. Be smartly dressed and tidy in appearance
45. Keep high standards of body cleanliness/hygiene
46. Ensure good body health
47. Maintain good posture in style of walking, sitting and body mannerism
48. Maintain high standards of moral behavior
49. Ensure and display high standards of neatness, accuracy and organization at work.
50. State four **circumstances under which hire purchase may be used to acquire goods. (4mks)**
51. Where the buyer does not have enough money to pay at once.
52. Where the goods are expensive
53. When the buyer wants to use the item immediately before completing paying
54. When the buyer is a salaried employee/has regular income
55. When the buyer desires to own luxurious items
56. State four **malpractices against which consumers may need protection**. (4mks)
57. Overcharging/overpricing
58. Poor/inferior quality goods
59. Hoarding of goods
60. Wrong/incorrect measurements
61. Misleading /false advertisements
62. Unhygienic goods
63. Breach of contract
64. Expired goods
65. Cl**assify each of the following activities as either business activity or non- business activit**y. (4mks)
66. Going to the stadium **non-business**
67. Buying mangoes to eat **non-business**
68. Selling maize for a fee b**usiness**
69. Buying tomatoes for selling **business**
70. Explain five **elements of communication**. (10mks)
71. Sender -the person from whom the message originates
72. Message -the information to be sent
73. Medium/channel -the means through which the message is sent
74. Receiver-this is the person or people from whom the messages are intended
75. Feedback-refers to the reaction of the receiver to the message.

5\*2=10mks

1. Explain five **macro environments that may influence the operations of a business positively.** (10mks)
2. Demographic environment- a high population creates a wider market and hence more sales
3. Economic environment(favorable)- economic situations that increase a consumers’ purchasing power
4. Advancement in technology- this leads to better quality of goods/services and reduced cost of production
5. Favorable legal environment -laws and policies made by the government should be favorable eg. Low taxation, ease of licensing
6. Favorable cultural environment- where customs values and beliefs of the society are for the products
7. Fair competition- this will enable the business to cope with its competitors and remain in operation.
8. Ideal/favorable physical environment-when climate, relief/infrastructure is ideal, it enables the business to operate efficiently