**BUSINESS STUDIES**

**FORM THREE**

**OPENER EXAMINATION TERM 3, 2022**

**SEP/OCT 2022**

**MARKING SCHEME**

1. Characteristics of service include;
2. Services are intangible/ cannot be felt and touched
3. Services are highly perishable
4. Services are mobile
5. The value of services does not change with time
6. Services cannot be stored for future use
7. Services cannot be separated from the provider
8. Services are invisible/ cannot be seen
9. Features of capital as a factor of production include;
10. It’s a man- made resource
11. It’s a basic factor of production
12. Capital has geographical mobility
13. It can reduce in value because its subject to depreciation
14. Capital can be improved due to advancement of technology
15. Reasons why a farmer would prefer to transport a herd of cattle by rail rather than road include;
16. It is economical/ cheaper than road
17. Follows a scheduled timetable/ can plan when to transport
18. Less prone to accidents/ safer
19. Presence of special loading/ off-loading terminals
20. Have special wagons for transporting cattle
21. Possible to feed the animals while on transit
22. Reasons why a manufacturer of technical products would prefer to use shorter channel to distribute his goods include;
23. To maximise on profits
24. To minimise breakages of products
25. To enhance easy feedback
26. To compete effectively with rival firms
27. To create personalised relationship with customers
28. To reduce chance of counterfeit goods being sold using brand
29. Types of warehouses include;
30. Bonded
31. Public
32. Wholesalers
33. Manufacturers
34. WANJI TRADERS

BALANCE SHEET

AS AT 30TH JUNE 2015

|  |  |
| --- | --- |
|  sh |  sh |
| Machinery 450,000 | Capital 550,000 |
| Stock 60,000 |  |
| Debtors 120,000 | 5 year loan 270,000 |
| Cash at bank 180,000 | Creditors 60,000 |
| Cash in hand 70,000 |  |
|  |  |
|  880,000  |  880,000 |
|  |

1. Disadvantages of poor filing include;
2. The office may be untidy / disorderly
3. Documents may get dirty / torn
4. Takes a lot of time to trace needed information
5. Documents may get lost theft
6. Documents may be destroyed by bad weather /pests
7. Leakage of business secrets
8. May lead to slow decision making
9. Documents may occupy a lot of space
10. Circumstances under which a cooperative may be dissolved include;
11. Where the cooperative continuously make losses
12. Where stipulated majority of members agree to dissolve it
13. Where the cooperative society has achieved objectives for which it was formed.
14. Where members withdraw leaving less than ten members
15. When declared bankrupt
16. When there is a government order/ change of law.
17. Causes of decrease in supply of potatoes include;
18. A fall in the price of potatoes discouraging some producers.
19. Outbreak of a disease affecting the crop negatively
20. Increase in cost of production
21. Prolonged drought/ lack of rainfall
22. Producers using inappropriate technology in production
23. Ways in which technological environment may improve business performance include;
24. Increased output
25. Lower cost per unit of production
26. Minimal incidences of fraud
27. High quality products are produced
28. Improved business image
29. Increased sales
30. Wider market
31. Features of a monopoly include;
32. One seller or producer supplying the entire market
33. Many organised buyers competing for the products
34. The product has no close substitutes
35. Entry into the market is closed
36. The firm is a price maker
37. High spending on promotional and selling activities to keep away potential competitions
38. Price discrimination may be possible
39. Functions of commercial attaches include;
40. Educating and advising exporters on trade regulations in other countries
41. Expansion and diversification of exports
42. Organising trade fairs and exhibitions of local goods in foreign markets
43. Providing information about available selling opportunities in foreign countries to local producers
44. Development of bilateral and multilateral agreements
45. Publish and advertise their country’s exports in business journals and magazines
46. Select buyers and distributors for the country’s export
47. Trade discount 5/100×20000꞊ 1000

20000-1000꞊19000

Cash discount 10/100 ×19000꞊1900

Amount paid 19000-1900꞊17100

1. Causes of change in capital of a business include;
2. Drawings
3. Additional investments
4. Loss
5. Profit
6. Reasons why most companies have adopted use of road shows to promote their products include;
7. The interaction between the sales people and consumers enable them to get immediate feedback
8. It covers a wide geographical coverage
9. It has a personal appeal accompanied by entertainment
10. Demonstration is possible to explain various features of their products
11. It’s convenient because goods come to the consumers doorstep
12. Consumers can clarify issues about the company and the product
13. Characteristics of an entrepreneur include;
14. Goal oriented –the entrepreneur should plan and monitor whether set goals are being achieved and what improvements can be made to achieve them in business
15. Self-confident –an entrepreneur should believe in his or her own abilities
16. Persistence –they don’t give up easily even when the going is tough
17. Desire to achieve – have a great desire to run successful business by setting targets and using their effort to achieve them
18. Future oriented – should have the ability to watch trends and tell what people might need in future
19. Readiness to take risks by putting money into new businesses whose profits are not assured
20. Innovative and creative- should have to come up with new ideas and new methods of doing things.
21. Factors that may lead to an increase in a country’s national income include;
22. Experienced /highly skilled/ highly trained/ large manpower –can produce high quality/ quantity goods/services which generate high income
23. Natural resource endowment – a country endowed with natural resources can produce more goods and services which generate more income
24. Appropriate level of technology/ advanced technology that may produce high quality and quantity of goods thus generating high income
25. Availability / adequate capital / equipment – man made resources that ensure smooth/ continuous production activities makes production easy
26. Increased foreign investment – investment from abroad may increase production of goods and services
27. Good governance – production of goods and services may increase as a result of good governance
28. Political stability creates confidence in investors hence increased production activities
29. Positive culture/ entrepreneurship – culture that encourages hard work/ production of goods and services may generate high income.

 **Any 5×2꞊ 10 marks**

1. Procedure for making an insurance claim include;
2. Notify or inform the insurer of the occurrence of the risk insured leading to loss.
3. Fill the official claim form from the insurer giving details of the event and circumstances leading to occurrence of the event.
4. The insurer carries out investigation to determine the cause of loss and the amount.
5. The insurer prepares assessment report indicating the extent of damage and loss suffered.
6. The amount of compensation is determined from the report and compensation is paid.

  **5 ×2꞊10 marks**

1. Types of unemployment include;
2. Disguised unemployment – occurs in a situation where the output will not be affected even if some workers are withdrawn from production activities
3. Involuntary unemployment arises where there are people who are ready and willing to work but there are no jobs available for them.
4. Frictional unemployment – occurs when demand for labour in its present occupation has fallen off yet people are unable to take up jobs existing elsewhere either because of ignorance or unwillingness to move to new locations where the jobs are.
5. Residual unemployment affects those people who on account of physical challenges e.g blindness have very few occupations open to them.
6. Urban unemployment is found in towns and arises in a situation where there are more workers than the jobs available.
7. Keynesian unemployment arises where the level of demand in the economy is not sufficient enough to support production activities that can generate employment opportunities
8. Cyclical unemployment arises as a result of fluctuation in the economic activities over a period of time in a pattern which alternates from boom to recession to depression and then recovery.