

FORM 2 END OF TERM 1 MARKING SCHEME

1. State the term given to each of the following business studies components. (4 marks)
 - a) Study of aids to trade and trade. **Commerce**
 - b) Study of activities carried out in an office. **Office practice**
 - c) Study of the process of identifying a business opportunity and acquiring resources to start and run a business. **Entrepreneurship**
 - d) Systematic way of recording business activities which are used for decision making. **Accounting**

2. State four principles of co - operative societies. (4 marks)
 - i) **Open and voluntary membership**
 - ii) **Democratic administration**
 - iii) **Co – operation with other cooperatives**
 - iv) **Limited interest on share capital**
 - v) **Promotion of education to members**
 - vi) **Provision of dividends to members**

3. State four functions of an entrepreneur. (4 marks)
 - a) **Controls the business**
 - b) **Starts the business**
 - c) **Makes decisions**
 - d) **Acquires and pays for all other factors of production**
 - e) **Bears the risks and enjoys profit**
 - f) **Pays for such expenses such as electricity**
 - g) **Owns the whole project**

4. Classify the following resources as natural, man-made or human. (4 marks)

Resources	Classification
a) Teacher	Human
b) Boat	Man - made
c) Soda ash	Natural
d) Driver	Human

5. Outline four functions of a proforma invoice. (4 marks)
 - a) **Polite way of asking for payment before the goods are delivered.**
 - b) **Sent when the seller does not want to give credit.**
 - c) **Used by importers to get custom clearance before goods are delivered.**
 - d) **Issued to an agent who sells goods on behalf of the seller**
 - e) **Can be used to serve as a quotation**

6. Outline four disadvantages of office machines. (4 marks)

- a) **Machines are expensive to buy and maintain**
- b) **Contributes to unemployment**
- c) **Machines require trained manpower**
- d) **Machines require special stationery and other materials**
- e) **Breakdowns may lead to stoppage of work**
- f) **Machines may become outdated due to advancement in technology**
- g) **Carelessness of workers may result into an enormous wastage of resources**

7. Outline four reasons why the Kenyan government trains business people. (4 marks)

- a) **To impart proper business ethics.**
- b) **Educate the businessmen on efficient methods of operating business.**
- c) **Expose business people on modern developments in management.**
- d) **To inform business people on available business opportunities.**
- e) **To identify problems facing business people and look for solutions.**

8. Ability to manage people is one of the factors that lead a business to succeed. Mention four activities that involve management of people. (4 marks)

- a) **Hiring**
- b) **Assigning duties**
- c) **Supervising**
- d) **Training**
- e) **Motivating**

9. State four circumstances under which cash payment is appropriate. (4 marks)

- a) **In case the amounts involved is small**
- b) **If it is the policy of the business**
- c) **When cash is the only means available**
- d) **If payee requires money urgently**
- e) **Where there is need to avoid expenses associated with other means of payments**

10. Name the office machines used to perform the following functions. (4 marks)

	Function	Machine
a)	Printing postage impression on the envelopes	Franking machine
b)	Trimming documents into required shapes and sizes	Guillotine
c)	For reproducing documents from a master copy (stencil)	Duplicating machine
d)	For complex calculations	Computer

11. Outline four circumstances under which a sole proprietorship may be dissolved. (4 marks)

- i) **If the owner decides to dissolve the business**
- ii) **In case of death, insanity or bankruptcy of the owner**
- iii) **Where the intended purpose is completed**
- iv) **In case of court order to dissolve**

- v) **If the business makes continuous heavy losses**
- vi) **If the owner decides to transfer the business to another person**
- vii) **Where continued existence of the business is in breach of the law**

12. Briefly describe the following types of goods. (4 marks)
- a) **Producer goods – goods used as raw materials/ producing others**
 - b) **Intermediate goods – goods that are not ready for use before they are further processed**
 - c) **Public goods – goods owned by the general public**
 - d) **Durable goods – goods can stay for a long time without going bad**
13. Identify the type of partners described below. (4 marks)
- a) **Contribute capital to the business. Real partners**
 - b) **Have unlimited liability. General partners**
 - c) **Involved in day-to-day running of the business. Active partners**
 - d) **Partners above 18 years. Major partners**
14. Highlight four characteristics of itinerant traders. (4 marks)
- a) **Found in densely populated areas**
 - b) **Move from one place to another**
 - c) **They are very persuasive**
 - d) **Their prices are not controlled**

15. Distinguish between Goods and Services. (4 marks)

Goods	Services
i) Are tangible	i) Are intangible
ii) Can be stored	ii) Cannot be stored
iii) Quality can be standardized	iii) Quality cannot be standardized
iv) Can change possession /separable from producers	iv) Cannot be separated from the provider
v) Not all goods are perishable	v) Services are highly perishable
vi) Visible/Can be seen	vi) Invisible / Cannot be seen
vii) Can change in value over time	vii) Cannot change in value since they cannot be stored

16. State four ways in which government regulates business activities. (4 marks)
- a) **Licensing**
 - b) **Setting standards**

- c) **Policy formulation and implementation**
- d) **Legislation**
- e) **Price controls**
- f) **Taxation**

17. Mr. Kyego would like to start a business. Advise him on the type of business activities that he would choose from. (4 marks)

- a) **Trade**
- b) **Processing of raw materials**
- c) **Manufacturing of goods**
- d) **Extraction**
- e) **Provision of services**
- f) **Construction**

18. Outline four factors that may hinder entrepreneurial development in Kenya today. (4marks)

- a) **Insecurity/Terrorism**
- b) **Lack of adequate capital**
- c) **Poor infrastructure**
- d) **Unfavourable cultural and social environment**
- e) **Improper technology**
- f) **Lack of skills to start and operate a business**
- g) **Unfavourable government policies**
- h) **Stiff/ unfair competition**
- i) **Political instability**

19. Outline four external factors that may influence the operations of a business negatively. (4 marks)

- a) **Unfair competition**
- b) **Inadequate technology**
- c) **Unstable political environment**
- d) **Insecurity**
- e) **Natural calamities**
- f) **Unfavourable social-cultural environment**

20. Outline the contents of a business plan.

- a) **Name of the business**
- b) **Products and services to be offered**
- c) **Personnel to handle the business**
- d) **Amount of finance required**
- e) **Market to be served**
- f) **Type of employees required**

- g) **Projection**
- h) **Summary of the plan**

21. Explain five characteristics of a good filing system. (10 marks)
- a) Should be simple to understand and operate.
 - b) Economical cheap to start and maintain
 - c) Safety protecting documents from loss, theft or misplacement
 - d) Flexible/ Elasticity to adapt to future changes or expansion
 - e) Should be compact - occupy less space
 - f) Suitability address the needs of an organization
 - g) Accessible - documents filed can be easily retrieved
22. Explain five factors that may lead to dissolution of corporate societies (10 marks)
- a) Persistent/ continuous disagreements – to an extent they cannot be reconciled
 - b) Mutual agreement to dissolve – hence left with no option but to wind up
 - c) Insolvency/ bankruptcy - when the cooperative is unable to meet its financial obligations
 - d) A court order – for engaging in illegal activities
 - e) Withdrawal of members - leaving less than the minimum required by law/ less than 10
 - f) Change of law/ government policy – that makes the activities of the cooperative illegal