

**TERM ONE 2024**  
**FORM THREE BUSINESS STUDIES**  
**MARKING SCHEME**

**1. Ways of performing social responsibilities by a business**

- Selling products needed by customers
- Provide quality services and goods
- Charging reasonable prices
- Use promotional methods that are appropriate to the class of consumers
- Participate in community projects

**2. Benefits that may accrue to a business from a country's political stability**

- Easy to obtain capital for expansion
- Cost of operation of business is low
- Accessibility to the market is enhanced
- Continuous production activities
- Easy to invest anywhere in the country
- Increased sales/production

**3. Why a firm continually advertise the same products**

- To bring notice of new costumers
- Cope with competition
- Maintain customers loyalty
- Announce prices of products
- Educate consumers on use of products
- To increase sales
- Maintain company image
- Caution customers about imitations
- Remind consumers of availability of products
- Correct any bias information about product

4.

<b>Factor</b>	<b>Classification</b>
a) Customers	External business environment
b) Objectives	Internal business environment
c) Suppliers	External business environment
d) Management	Internal business environment

**5. How clothes satisfy human wants**

- Cover nakedness
- Enhance identity
- Enhance self esteem
- Protection from changes of weather
- Provides variety in personal appearance

**6. Features of human wants**

<b>No</b>	<b>Description</b>	<b>Feature</b>
(a)	A person who is unable to fully satisfy all wants.	<b>They are insatiable</b>
(b)	Once satisfied, they have a tendency of being felt again.	<b>They are recurrent</b>
(c)	Some wants are satisfied together.	<b>They are complimentary</b>
(d)	The same want can be satisfied using different resources.	<b>They require resources</b>

7.

<b>Artificial resources</b>	<b>Human resources</b>
Mainly goods	Mainly services are effort
Tangible	Are intangible
Processed or constructed	Merely offered
The maker and the goods are separable	Provider and services are Inseparable
Can be standardized	Difficult to standardize
Can be stored	Difficulty to store
Only some are perishable	Highly perishable

**8. Why an entrepreneurship is important**

- Facilitates better use of resources
- Leads to improved products for satisfaction of human wants
- Facilitates development of infrastructure

- Leads to creation of employment
- Leads to provision of a variety of goods.

**9. Qualities of a manager**

- Knowledgeable and efficient
- Set clear and achievable goals
- Appreciate, motivates and disciplines
- Fair in judgement
- Fluent communicator
- Able to delegate duties
- Flexible
- Sociable with staff
- Show proper work ethics
- Good dressing mode

**10. Factors to consider before buying office equipment**

- Space available
- Technological trends in the industry
- Use of which it is to be put.
- Funds available
- Cost of buying
- Quality/durability
- Adaptability of the equipment.
- Terms and conditions of payment
- Image/prestige
- Skills available for operation.

**11. Fill in the table with the correct term as used in business studies. (5 marks)**

	<b>Definition</b>	<b>Term</b>
a)	Study of all activities that are carried out in an office	<b>Office practice</b>
b)	Study of how people struggle to meet their endless needs using limited resources	<b>Economics</b>
c)	Study of systematic ways of recording and reporting business information for decision making	<b>Accounting</b>
d)	Study of the process of identifying a business opportunity and acquiring the necessary resources to start and run it.	<b>Entrepreneurship</b>
	Study of aids to trade	<b>Commerce</b>

**12. Types of wholesalers described**

Description	Type of wholesaler
a) Deals with a wide range of goods of a given line of products.	<b>General line</b>
b) Deals in a particular good from a given line of products.	<b>Specialized</b>
c) Deals in wide range of products.	<b>General merchandise</b>
d) Specializes in selling to other specialized wholesalers.	<b>Rack jobbers</b>

**13. Factors for a choice of an office layout**

- Number of workers to be accommodated
- The work flow progress
- The government policy requirement
- The number of equipment and machines used
- The available space
- The financial abilities to construct the layout
- Privacy and supervision requirements.

**14. Circumstances under which a public corporation can be dissolved**

- When the Act under which it was formed is repealed.
- Where the firm is experiencing persistence loss making
- When the firm is declared insolvent.
- Where it found to act contrary to the set objectives

**15. Circumstances under which the government may be involved in business**

- When a business venture requires investments of large sums of money which individual entrepreneur may not provide
- When the goods or services to be the provided are essential to the welfare of citizens
- When there is need to protect citizens from exploitation by private entrepreneur
- When the government desires to create employment for the citizens
- When the government needs to generate income through revenue collection
- When there is need to safeguard national security
- Where there is need to balance regional development
- Where there is need to attract foreign investment

**16. Malpractices by traders against which consumers may need protection by the government.**

- Sale of low quality goods.
- Overpricing/overcharging the consumers
- False advertisements
- Sale of low quantity of goods
- Sale of harmful goods.
- Hoarding of goods
- Buildings and constructions that do not meet the safety standards.

**17. Circumstances under which face to face communication may be ineffective are:**

- Where there is age difference.
- Where the language has semantic problems/different languages
- Where there exists a difference in frame of reference
- Where the credibility of the communicating parties is in question/negative attitude/bias/prejudice.
- Where the receiver has a problem in hearing/hearing impairment
- Where there unfamiliar/difficult terminologies.
- Where there is noise/noisy area.
- Where there is poor listening by the recipient.
- Where there is pronunciation problems.
- Where there is poor timing
- Where there is inability to understand gestures.
- Where there is information overload
- Where there is prejudgment
- Where there is emotional responses like fear, joy, anger

**18. Ways in which consumers can suffer if there is no wholesalers**

- No steady supply of goods
- Quality of goods may be compromised
- Unstable prices of goods in the market
- Inconvenient quantities
- Lack of time utility
- High prices of goods.

**19. Differences between insurance and assurance**

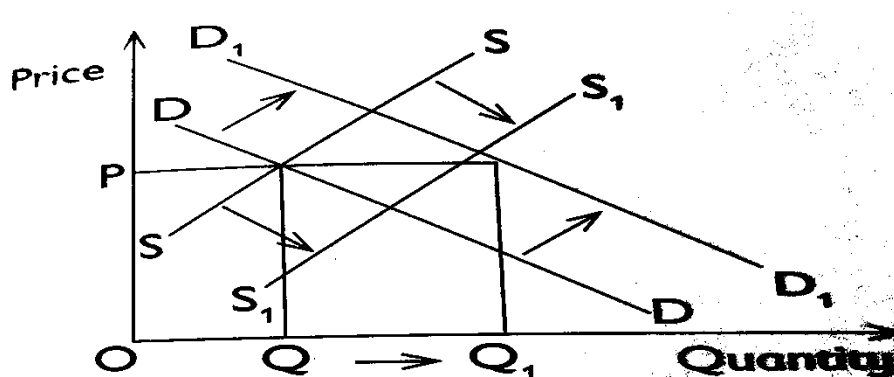
<b>Insurance</b>	<b>Assurance</b>
a) Has no surrender value	a) Has a surrender value

b) Policy cannot be used as a collateral to secure loan	b) Policy can be used as collateral to secure a loan
c) There must be proof of insurable interest	c) There is no proof of insurable interest
d) Protection offered to property against unforeseen risks	d) Protection offered to life against occurrence of death
e) Risks insured may or may not happen	e) Risks insured against must happen and the time is unknown
f) The insurance contract is renewable yearly	f) Insurance contract is for life and does not require renewing
g) Compensation is given to owner of property in case of loss (uncertain)	g) Compensation is given to beneficiaries in case of death (certain)
h) A replacement of the goods lost can be given (contract of indemnity)	h) Life lost can never be replaced (it is not a contract)
i) Has no maturity date	i) Has maturity date
j) The principle of subrogation applies	j) The principle of subrogation does not apply
k) Cannot be used as a saving scheme	k) Can be used as a saving scheme
l) Sum insured depend on market value of property	l) Sum assured depends on ability to pay (adjustable)

## 20. Benefits of pooling of risks

- Enables an insurance company to create a common pool of funds
- Enables insurance company to compensate those who suffer losses when risk occur
- Enables an insurance company to spread risks over a large number of insured people.
- Surplus funds can be invested
- Enables company to meet operating costs.
- Enables insurance company to calculate premiums to be paid by each client.

21.



The effects include

1. Price remains constant at  $P_0$ .
2. Quantity increases from  $Q$  to  $Q_1$ .

**22. Circumstances under which a manufacturer may prefer to sell directly to the consumer.**

- When goods are perishable
- When the firm is financially strong to open up retail outlets
- When there is competition and need for lower prices.
- Where a firm wish to have direct contact with customers (feedback)
- When the market is concentrated in one place
- Where there is insufficient infrastructure
- When he or she wants to demonstrate on the use of the product.
- When goods are requested on order or made for a specific customer
- When goods are expensive to be sold through channels
- When the volume of output is small.
- When goods require specialized after sale service such as installation.

**23. Reasons that would justify the government establishing electric trains in the country**

- To provide employment opportunities in the country
- To protect consumers from exploitation
- To provide essential train services that is fast
- To prevent monopoly by local cartels in transport sector
- To encourage competition in the rail industry
- To generate income
- To promote investment in the country
- To finance important sector that require large capital investment