

BUSINESS STUDIES
FORM 2
TERM 3, 2025
MARKING SCHEME

- 1 – In appropriate language
- Poor listening
 - Wrong attitude
 - Wrong timing
 - Choice of the wrong medium
 - Prejudice
 - Emotional response
 - Systems within an organisation
 - Worse
 - Mis-interpretation of non-verbal signal.
- 4 x 1 = 4 marks

2. Circumstances under which a pro forma invoice may be used.

- Where the seller want the goods to be paid before delivery.
- Where the seller does not want to give credit to buyer.
- Where goods are issued to an agent
- Where goods are imported to get custom clearance.
- Where goods are sent to the buyer to show what one would have to pay.

4 x 1 = 4 marks

3 Demerits of Entrepreneurship

- a) Possible loss of invested funds
- b) Long working hours
- c) Uncertain income
- d) Routine chores

4 x 1 = 4 marks

4. Features of a bonded warehouse.

- Goods can be bonded till custom duty is paid.
 - Goods can be re-exported while is in the warehouse.
 - Storage charges are made on all goods stored in the warehouse
 - Goods can be sold while still under bond.
 - Goods can be inspected or prepared for sale.
 - Goods are released only on the production of a release warrant.
- 4 x 1 = 4 marks

5. Factors considered in choosing medium for product promotion

- a. Cost – should not be too high
 - b. Target / consumer/ market – their location, age, economic status e,g use of radio / TV if not located
 - c. Nature of the message to be communicated
 - d. Availability of the medium of communication
 - e. Nature of product being promoted
- Any 4 x 1 = 4 Marks

6. Features of public limited company

- a. Formed by a minimum of 7 members
- b. No maximum number of membership

- c. Cannot start business before it receives certificate of trading
- d. Accounts are required to be published
- e. Shares and debentures are freely transferable invites members of the public to subscribe for shares and debentures

(Any 4 x 1 = 4 Marks)

7. Limitations of consumers in protecting themselves

- a. Lack of support from the government
- b. Lack of finance / capital to finance their activities
- c. Ignorance of consumers about their rights
- d. Indifferences of some consumers
- e. Complicated procedures when claiming compensation
- f. Existence of monopoly

(any 4 x 1 = 4 Marks)

8. a) Bad debts policy

- b) Public liability
- c) Cash in transit
- d) Fidelity guarantee

Any 4@/= 4marks

9.Occupations in extractive industry are:

- a) Mining
- b) Lumbering
- c) Fishing
- d) Farming
- e) Quarrywork

4 @/= 4marks

10.

	Environment
a). Human resource	<i>Internal</i>
b). Socio cultural beliefs	<i>External</i>
c). Business management team	<i>Internal</i>
d). Government policies	<i>External</i>

11. Advantages of using roadshows as means of product promotion.

(4 marks)

- (i) *It is fast and cost effective marketing tool*
- (ii) *It can have a direct effect on sales*
- (iii) *It enables one to meet the exact target group one needs as it is flexible*
- (iv) *One develops direct marketing contacts with clients*

12. Atemo is the head of the marketing team at ABC Company that has recorded tremendous increase in volume of sales over the last four years. Highlight *four* attributes that she possess.

(4 marks)

- i) *Knowledgeable about the product*
- ii) *Well trained in marketing strategies/skills*
- iii) *Punctual/time conscious*
- iv) *Keeping appointments /meeting deadlines*

- v) *She has negotiations abilities/public relations*
vi) *Good communication skills*

13. (a) **Economics:** *Its is the study of how human beings strive to satisfy their endless wants using the available scarce resources*
(b) **Production**
It refers to creation of goods and services or increasing their usefulness through activities such as transporting them to where they are required.

(c) Celebrity Advertising

- It advertises famous or popular personality who sell their products e.g. athletes, footballers and rally aces.

(d) Product Advertising

- It advertises a particular brand or name of a specific product.

Disadvantages of super market

15. -Don't offer credit
- Don't deliver goods
- Don't give personal services
- Losses due to pilferage
- Impulse buying (to the buyer)

16.Reasons for an insurance firm to re-insure

- When the value of the property being insured is too high to be compensated by one company
- When chances of loss occurring through the insured risk are high
- When the insurance company wishes to share liability with a re-insurance company
- When its a legal requirement to reinsure
- When the company wants to create confidence among the clients

Any 4 x 1 = 4mks

17.Difference between liners and tramps

Liners	Tramps
<ul style="list-style-type: none"> Follow a fixed schedule Follow a regular route Have fixed freight rates or charges More complicated in hiring procedures 	<ul style="list-style-type: none"> Operate without a schedule No fixed route followed Freight charges are determined by demand Easy to hire due to simple procedure involved

18. Need for consumer protection

- Ensure commodities are of good quality
- Right quantity and size of goods
- Ensure standards of health are maintained
- Ensure building construction and safety standards are maintained
- Ensure fair prices are charged
- Ensure commodities are available
- Protect consumers from false advertising
- Protect consumers from sale of harmful commodities
- Protect consumers against breach of contract

19. Resources available to a business

- Human resources

- b) Financial resources
- c) Physical resource
- d) Technology

$$\sqrt{} = 1\text{mk} \times 4 = 4\text{mks}$$

20. **Benefits of the new railway line**

- a) More employment opportunities
- b) Faster movement of goods /people
- c) Government Revenue
- d) Tourism will Increase
- e) More goods/cargo will be transported
- f) Reduction of congestion on Kenyan roads
- g) Open up remote areas

Any 4@ $\sqrt{} = 1\text{mk} \times 4 = 4\text{mks}$

21. **Functions of an entrepreneur**

- Control the business
- Start the business
- Make decision and policies
- Acquire and pay for all other factors of production
- Bear all the risks
- Pay for such expenses as electricity, water etc
- Own the project

$4 \times 1 = 4\text{marks}$

- 22.
- Poor infrastructure.
 - Mismanagement of resources.
 - Poor investment plans and decisions.
 - Members' ignorance or apathy.
 - Corruption.
 - Unqualified personnel.
 - Insufficient funds.
 - Political interference.

$(4 \times 1 = 4 \text{ mks})$

- 23.
- When goods offered in the market are inadequate / not enough.
 - When goods offered are of poor quality.
 - Where goods are not available in the market.
 - When prices charged for goods are high.
 - When the services needed by consumers are lacking e.g. credit facilities, after-sale services etc.

$(4 \times 1 = 4 \text{ mks})$

- 24.
- Does not allow specialization.
 - Promotes individualism.
 - Does not encourage invention and innovation since it does not make use of modern technology.
 - Limits the choice of the producer since he cannot produce a significantly wide variety of goods.
 - One waste a lot of time moving from one activity to another for there is no specialization.
 - Does not provide surplus for selling in the market.
 - Goods produced are generally of low quality since there is no competition for market.

$(4 \times 1 = 4 \text{ mks})$

25. **Reasons why the government trains businessmen.**

(4 mks)

- (i) For exposure of businessmen to modern management.

- (ii) Exposure of traders to government policies e.g. taxation.
- (iii) Inform traders on profitable ventures around them.
- (iv) Educate businessmen on how to use available resources.
- (v) Enable them to identify and incur current problems.
- (vi) Impose proper business ethics to the traders
- (vii) Enlighten them on proper techniques of production or of carrying out good business

