

FORM TWO
END TERM 3 2025
BUSINESS MARKING SCHEME

1. For each of the following goods, identify the appropriate class that they belong to. (4 marks)

Goods	Classification
Road	<i>Public goods</i>
Sisal	<i>Intermediate goods</i>
Bread	<i>Consumer goods</i>
Tractor	<i>Capital goods</i>

2. Outline **four** ways in which the legal political environment can influence the activities of a business. (4 marks)

- *To start a business one must obtain a trading license.*
- *Taxes are imposed by government on the activities of a business.*
- *Government offers subsidies to producers.*
- *The law requires that goods sold must meet certain specified standards.*
- *Political stability creates a conducive environment for business to thrive.*

- 3.. Outline **four** characteristics of landscape office layout.

- *Large floor area occupied by all officers.*
- *Various departments operate in demarcated areas.*
- *Use of decorations, potted plants, furniture for demarcation enhances the office outlook.*
- *Senior officers mainly operate from raised grounds for easy supervision.*

- 4.. Differentiate between a tied shop and a single shop. (4 marks)

Tied shop	Single shop
- <i>Sells products of a particular manufacturer</i>	- <i>Sells goods from different manufacturers</i>
- <i>Have same outward appearance</i>	- <i>One has outward appearance from another</i>
- <i>Sells one line of goods</i>	- <i>Sells a variety of goods.</i>
- <i>Sells goods at same price as the other tied shops in different towns</i>	- <i>Sells goods at different prices depending on demand and location of the shop.</i>
- <i>Product promotion done by the manufacturer</i>	- <i>Done by the particular shop.</i>

5. Highlight **four** duties of consumer associations towards consumer protection. (4 marks)

- *Educating their members on their rights e.g. checking expiry dates before buying.*
- *Receiving complaints from consumers and acting on them.*
- *Reporting all cases of non-compliance with quality and other standards.*
- *Boycotting the products of traders who are exploitative.*
- *Demonstrating against consumer exploitation by traders.*
- *Forming vigilante groups to serve as watchdogs.*

6. Highlight **four** circumstances under which railway transport may be appropriate as a means of transport.

- *When the commodities being transported are bulky or heavy.*
- *When transporting goods that require special facilities e.g. cattle. Rail, special wagons enable animals to feed as they are being transported.*
- *If the distance to be covered is great.*
- *If there is need to cut down on transport cost because it is cheap*
- *If the volume of goods being transported is great. Rail transport can carry many goods at once.*
- *Where shunting facilities are available.*

7. Outline **four** circumstances under which communication would become ineffective. (4 marks)

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|----------------------------|--|
| - <i>Language barrier</i> | - <i>Emotional responses</i> |
| - <i>Poor listening</i> | - <i>Unclear systems within the organization</i> |
| - <i>Negative attitude</i> | - <i>Noise</i> |
| - <i>Poor timing</i> | - <i>Unfamiliar non-verbal signals</i> |
| - <i>Wrong medium</i> | - <i>Prejudgement</i> |

8. Mention **four** benefits of warehousing to the consumers. (4 marks)

- *Ensures steady supply of goods hence no shortage*
- *Steady supply leads to stable prices.*
- *Some goods improve in quality while in the warehouse e.g. wine.*
- *Can have the opportunity to inspect goods before buying.*
- *Goods are prepared for sale while in a warehouse/breaking bulk*

9. Mr. Ndumia insured his lorry whose value was shs.1,000,000 for shillings 600,000 against the risk of fire outbreak. While on transit, there was a mechanical problem and the lorry caught fire and was burnt causing a loss of shs.500,000. Calculate the compensation amount. (4 marks)

$$\text{Compensation} = \frac{\text{Sum insured}}{\text{Value of property}} \times \text{Actual loss}$$

$$\begin{aligned} \text{Compensation} &= \frac{600,000}{1,000,000} \times 500,000 \\ &= \underline{\underline{300,000}} \end{aligned}$$

NB: 300,000 is the compensation amount.

Reason: The lorry had been under insured.

10. For each of the following descriptions, identify the corresponding method of product promotion. (4 marks)

DESCRIPTION	METHOD OF PROMOTION
Free promotion of a product	<i>Free publicity</i>
Strategies to increase sales at the point of promotion.	<i>Personal selling</i>

Impersonal presentation of a product through the mass media	<i>Advertising</i>
Meant to improve the reputation of a firm	<i>Public relations</i>

11. Outline **four** ways in which a good business structure is of benefit to a business organization(4mks)
 - (a) Facilitates easy control of workers
 - (b) Facilitates easy evaluation of workers
 - (c) Reduces confusion among workers
 - (d) Enhances teamwork (4x1=4mks)
12. Outline **four** difficulties that would be faced by an individual in the satisfaction of human wants (4mks)
 - (a) Needs are unlimited
 - (b) Different tastes and preferences
 - (c) Government restrictions
 - (d) Different prices of goods
 - (e) Limited resources/income (4x1=4mks)
13. State **four** circumstances under which it may be appropriate to use personal selling as a form of product promotion (4mks)
 - (a) Its not easy to ignore like other methods
 - (b) Its more persuasive
 - (c) Immediate feed back about the product is got
 - (d) Seller is able to direct effort to a specific group
 - (e) Consumers are shown how to use a product
 - (f) Demonstration can be done
 - (g) Suitable for both the literate and illiterate (4x1=4mks)
14. State **four** functions of commercial attaches (4mks)
 - (a) Look for market for Kenyan goods abroad
 - (b) Organize trade tours for Kenyan traders
 - (c) Inform local producers of standards required and procedures in foreign countries
 - (d) Help in identifying agents in foreign countries for local producers
 - (e) Organize training for local businessmen abroad
 - (f) Avail information about selling opportunities in foreign countries (4x1=4mks)
15. Give **four** reasons why some traders prefer to operate supermarket business (4mks)
 - (a) Increase sales
 - (b) Lower operational costs
 - (c) Enjoy economies of sale
 - (d) Time is saved
16. State **four** reasons why short message service (SMS) is replacing letters as a way of communication (4mks)
 - (a) Cheap to use SMS services
 - (b) Faster than letters
 - (c) Can be sent to many at once

(d) Reliable-delivery reports are given (4x1=4mks)

17. State **four** circumstances under which a clerk may be employed to work in organization (4mks)

- (a) Where there is need to operate various office equipments
- (b) When there is need to index and file
- (c) Need for store keeping
- (d) Need of ordering, receiving and issuing stationary
- (e) Need to handle mail (4x1=4mks)

18. Give **four** benefits that are likely to result from a modern railway network in the country (4mks)

- (a) Effective in transporting heavy and bulky goods
- (b) Reduce damage of roads by vehicles
- (c) Commodities will be transported cheaply over long distance
- (d) Road and port congestion will reduce
- (e) Pollution along the roads will reduce

