

MARKING SCHEME

1. State four areas of study covered in business. (4mks)
- Commerce
 - Accounting
 - Economics
 - Office practice
 - Entrepreneurship
2. Outline four purpose of a business. (4mks)
- To make profit
 - To serve the community
 - To enhance the image of the image of the owner (prestige)
 - To create employment / occupation
 - As a hobby
 - To spread risks (portfolio)
3. Outline ways in which political stability in a country is of benefit to business. (4mks)
- It should achieve its set goals such as production and sales easily
 - The cost of doing business would below
 - It would access market easily
 - It would easily access capital for its expansion
 - Its production activities would not be disrupted.
 - It would access raw materials with ease
 - It would attract the kind of labour it requires with ease
 - The general security of the business
4. State four reasons why consumers have to make a choice between competing needs. (4mks)
- Due to unlimited needs of the consumer
 - Due to different tastes or preferences of the consumer.
 - Due to government policy on goods or restrictions through total ban e.t.c
 - Due to different prices of goods
 - Unlimited resources or income
6. Outline four features of a bonded warehouse. (4mks)
- Goods are bonded till customs duties are paid
 - Goods can be re-exported while in the bonded warehouse
 - Goods are released only on the production of a release warrant
 - Goods can be sold while still under bond
 - Goods may be prepared for sale while in bond
 - Charges are made on all goods stored in them
 - Goods are guarded by customs officials.
7. State the factors that determine the period for which documents should be stored. (4mks)
- Availability of storage space
 - Cost of storage

- iii) Need for future reference
- iv) Purpose of the documents
- v) Nature of information contained in the documents

8. Highlight the current trend in communication. (4mks)

- i) **Rapid popularity of mobile phones**
- ii) **Use of internet as a means of communication**
- iii) **Use of fax**
- iv) **Use of Electronic Mail**
- v) **Phasing away of fixed line phones (going wireless)**
- vi) **Use of prepaid calling cards.**

9. Wekesa has a consignment of maize to transport from Kitale to Nairobi. Outline the disadvantages/ problems he might encounter by transporting the maize by road other than by rail. (4mks)

- i) **He would require a number of lorries which would be more expensive.**
- ii) **Lorries are more prone to highway theft and bandit attack than trains**
- iii) **The probability of occurrence of accidents is high on the road than on rail.**
- iv) **Some roads may be impassable during adverse weather conditions**
- v) **The cargo may be delayed due to traffic jam in major towns/ cities.**

10. State four ways in which manufacturers can enhance consumer protection.

- i) **Indicating the proper expiry dates on their goods.**
- ii) **Indicating the ingredients used in the manufacture of their goods**
- iii) **By indicating the recommended retail price on the packets**
- iv) **BY indicating any side effects that a consumer may experience after consuming their products/ correct product description e.g drowsiness.**
- v) **By ensuring that their products are safe for human/ animal consumption**
- vi) **By not whipping consumers emotions during advertising**
- vii) **Ensuring that their agents and distributors are ethical when dealing with consumers.**
- viii) **By ensuring that their products or their packages do not litter the environment e.g plastic bags**

11. Highlight four features of land as a factor of production. (4mks)

- i) **It is geographically immobile**
- ii) **It is a basic factor of production**
- iii) **It is a natural resource**
- iv) **Its productivity can be increased by applying more units of labour and capital**
- v) **Its supply is limited i.e cannot be increased**
- vii) **It can be put in varied uses, that is, can have more than one use**

12. Identify four resources in your school that facilitate your learning. (4mks)

- i) **Textbooks and stationery**
- ii) **Time**
- iii) **Buildings such as classrooms and dormitories**
- iv) **Personnels such as teaching and non-teaching staff**
- v) **Equipment such as laboratories, balls e.t.c**
- vi) **School bus (if any)**

13. Outline what a business should do to uphold accepted ethics. (4mks)

- i) **Comply with laws and regulations e.g. should be properly registered and licensed**
- ii) **Be fair to others -such as employees, government, customers, suppliers and competitors.**

- iii) Be truthful, especially in promotional activities such as advertisement
- iv) fight all forms of corruption
- v) To avoid child labour
- vi) To comply with standards regulations
- vii) Be fair during procurements/ recruitment of employers, agents and distributors
- viii) Conserve the environment
- ix) To avoid any form of discrimination to consumer, clients, supplies e.t.c.

14. Highlight four characteristics of preference shares.

(4mks)

- i) **Have a fixed rate of dividends**
- ii) **Have no voting rights**
- iii) **Can be redeemable or irredeemable**
- iv) **Can be cumulative or non-cumulative**
- v) **Holders are paid dividends before ordinary shareholders**

15. In the spaces provided below, state the business document to which each of the following statement relates.

(4mks)

Statement	
i) Informs the buyer when goods were dispatched and by what means	Advice note
ii) A request by the seller for payment in advance	Pro-forma
iii) Used to correct an undercharge in an office	Debit note
iv) Shows details of the transaction between a seller and a buyer during a given period.	Statement of account

16. Elaborate five features that differentiate a public limited company from a partnership form. (4mks)

Public Limited Company	partnership
i) Membership (shareholder) minimum of 7 people	i) Member (partners) minimum of 2
ii) Members have limited liability	ii) No have limited liability for members or at least one partner has unlimited
iii) Capital is raised from sale of shares to the general public	iii) Capital is raised from members contribution
iv) Owned by shareholders	iv) owned by partners
v) No maximum membership	vi) Maximum of 20 or 50 for professional and 10 for bankers
vii) Has perpetual continuity. Death or insanity or departure (withdrawal) of shareholder does not affect the business	vii) Has no perpetual continuity. It is affected by death or insanity or departure of a shareholder
viii) Mandatory by law to publish financial statements or trading results	viii) Not mandatory to publishers financial statements or trading results
x) Books of accounts must be audited by external auditors	x) Books of accounts need to be audited by external auditors