

ASUMBI GIRLS HIGH SCHOOL

TERM 2 – DECEMBER 2021

FORM 4 – BUSINESS STUDIES PAPER 2

MARKING SCHEME

Question one

a)

- i. **Standing order:** is an instruction to the bank by its customer to be paying a certain amount of money to a named person or institution after a given interval until a specified date or until otherwise instructed
- ii. **Credit transfer:** a method of paying many people using one cheque
- iii. **Telegraphic transfer:** a method of remitting money offered by commercial banks to anybody who wants to send money to another
- iv. **Electronic fund transfer:** a method of transferring money from one account to another offered by commercial banks where computers are used
- v. **Cheque:** is a written order by the drawer to a bank to pay on demand a specified amount of money to the person named as the payee or to the bearer

b)

- i. The extent of the market for goods and services determines the size of the firm
- ii. The nature of the products sometimes makes it impossible to produce it in large quantities
- iii. Simplicity of the organisation
- iv. Flexibility of small firms
- v. Quick decision making
- vi. Belief that small firm is more manageable
- vii. Rising costs of production such that diseconomies of scale set in very early, the firm has to remain small
- viii. Few legal constraints

Question two

a)

- i. **Notify the insurer:** immediately the risk insured against occurs, the insured should notify the insurer
- ii. **Filling a claim form:** after notification, the insurer issues the insured with an official claim form to be filled
- iii. **Investigation of the claim:** on receipt of the filled claim form the insurer launches an investigation concerning the cause of the occurrence of the risk
- iv. **Preparation of the assessment report:** once its established that the claim is valid, insurance company uses experts called assessors to prepare a report concerning the extent of the suffered
- v. **Payment of the claim:** on receiving the assessors report, the insurance company decides to pay the insured

- b)
- i. Loss of government revenue that she would be collecting in form of customs duty for goods being imported or exported
 - ii. Possible retaliation by other countries
 - iii. Production of low-quality commodities
 - iv. High prices for locally produced commodities
 - v. Less consumer choice
 - vi. Danger of the need for perpetual protection
 - vii. Possible emergence of monopolies

Question three

- a)
- i. The initial and maintenance cost of the layout
 - ii. Floor space available
 - iii. Number of employees
 - iv. Nature of work done
 - v. Staff morale on the given layout

- b)
- i. No accurate records of expenditure are kept especially in the private sector
 - ii. Expenditures for the subsistence sector can only be mere approximations due to lack of records in this sector
 - iii. Differentiating between final expenditure and intermediate expenditure may be difficult
 - iv. It suffers from the problem of double counting
 - v. Fluctuating exchange rates may pose challenges especially in valuation of exports and imports

Question four

- a)
- b)
- i. Dealing with complaints about defective items bought by members
 - ii. Making sure commodities are not hoarded and that a regular supply is maintained
 - iii. Ensuring that weights and measurements of commodities are correct
 - iv. Ensuring that health and safety regulations are adhered to
 - v. Ensuring that essential services are available and that their prices are fair
 - vi. Educating their members on their rights

Question five

a)

- i. It can be retained for future reference
- ii. Some, like letters are relatively cheap
- iii. It is suitable for confidential messages
- iv. Allows for inclusion of fine details
- v. It is not prone to distortion of messages
- vi. Can be used as evidence
- vii. Can be addressed to many people

question six

a)

- i. Government intervention
- ii. Haggling/bargaining
- iii. Auction
- iv. Tendering

