



# BUSINESS FORM 2

## OPENER EXAM TERM 2 2023

### MARKING SCHEME

#### 1. Benefits of business studies to an individual.

- i) - Assist individual in appreciating the role of business in provision of goods and service.
- ii) - Assist individual to acquire self discipline and positive attitude towards work.
- iii) - Equips individual with abilities to promote cooperation in society through trade.
- iv) - Enables individuals to understand the role of government in business activities.
- v) - Helps individuals to develop positive attitude towards the environment.
- vi) - Equips the individual with knowledge and skills required to evaluate business performance. Any 4 x 1 = 4Mks

#### 2. Reasons why consumers satisfy basic wants before secondary wants (4 marks)

- a. Human wants are felt needs
- b. Their nature cannot allow man to postpone their satisfaction
- c. Scarce resources
- d. Basic wants are needed for survival

#### 3. Factors that would show the existence of a business opportunity (4 marks)

- a. Unavailability of products
- b. Poor quality goods
- c. Insufficient quantities
- d. Unaffordable prices
- e. Poor services

f. Need to use by-products

**4. Ways in which ethical practices in business ensures that consumers are not exploited**

a. Ensure production of high quality goods

b. Ensure traders sell at fair prices

c. Ensure traders sell goods of right quantity

d. Ensure traders don't give false information on goods produced

**5. Consequences of a poor filing system in an organization**

a. Documents may be accessed by unauthorized persons

b. Difficult to retrieve a document when needed

c. Documents may become dirty/damaged

d. Untidy office

e. Documents can easily get lost

f. Wastage of time when trying to retrieve the documents

**6. Ways in which the government involves itself in business activities (4 Marks)**

a. Regulation

b. Training

c. Trade promotion

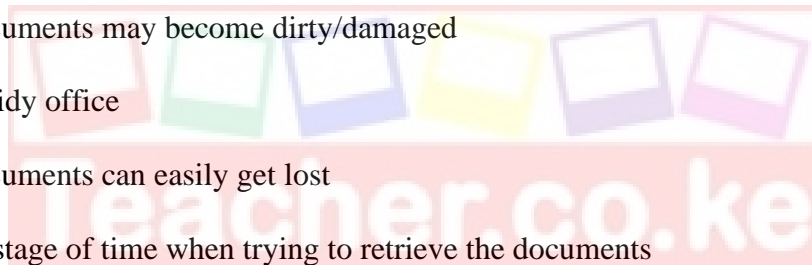
d. Provision of public utilities

e. Providing an enabling environment

**7. Characteristics of goods.**

a. Tangible /visible

b. Can be stored



- c. Can be separated from the owner/provider
- d. Quality can be standardized.
- e. Payment is for ownership/exchange
- f. Not always perishable.

**8. Reasons why railway transport is not competitive in Kenya.**

- a. Slow means of transport
- b. It is not flexible
- c. Cannot be used to carry goods over short distances
- d. Cannot be used to transport perishable goods.
- e. Not accessible in all parts of the country.
- f. And any other relevant point award

**9. Outline four characteristics of a chain store.**

- a. Branches have similar outlook.
- b. Branches sell similar goods.
- c. Prices are standardized in all branches.
- d. Goods can be transferable from one branch to another where the demand is better.

**10. Types of internal and external**

**In the table below , write the type of environment that suits the description. (4 marks)**

- i) A duty roster of workers in an organization – **Business structure**
- ii) An increase in demand of an organizations product as a result of an increase in population. - **Demographic**
- iii) An organization engaging the services of G4 Security.- **Physical**

iv) Use of e-commerce in the marketing of the organization's product. - **Technological**

**11. Circumstances under which verbal communication would be used in an organization.**

- a. Where immediate feedback is required
- b. When addressing a large crowd
- c. If it is the policy of the organization
- d. When personal appeal is required
- e. If the message being set is urgent
- f. If the matter requires discussion
- g. When no other form of communication can be used

**12. Circumstances under which a seller would require a buyer to pay cash with order.**

**(C.W.O)**

- a. If the customer is new to a seller
- b. When the buyer's credit worthiness is in doubt
- c. When the policy of the seller is not to advance credit
- d. If the business is being conducted through the post
- e. When the seller wants money for restocking

**13. Factors that may make a manager to hire rather than buy a new office equipment.**

- a. To transfer cost of maintenance to owner.
- b. Where it is cheaper to hire than to buy
- c. To transfer the cost of buying a new equipment to owner.
- d. Where the skills to operate the equipment is lacking in the organization.
- e. If the equipment is needed temporarily to avoid it being idle while not being used.

**14. Features of indirect production**

- a. Results in surplus
- b. Produce meant for sale
- c. Involve use of modern technology
- d. Involve specialization
- e. Produce high quality

**15. Reasons why a person may prefer to run a business as a sole proprietor**

- a. Few legal requirements during formation.
- b. Decision making and implementation is fast.
- c. The proprietor exercise direct and personal control on the business.
- d. A sole trader is accountable to him / herself
- e. A sole trade is able to maintain top secrete of his/her business.
- f. A sole trader enjoys all the profits alone.
- g. A sole trader can get assistance from the family members.
- h. A sole trader has personal contact to his/her customers.

**16. Characteristics of economic resources.**

- a. Have utility – they have ability to be used.
- b. Have money value – They have a value at which they can be exchanged for ownership.
- c. Have alternative use – They can be put into different uses.
- d. Scarce in supply – They are not available in sufficient quantities.
- e. Can be combined – They can be combined so as to produce different goods and services. Can change ownership from one person to another through sale.
- f. Can be complementary – Different resources can be used together.

- g. They are unevenly distributed – they are available in varying quantities at different places

**17. Differences between a public limited company and a partnership.**

Public Limited Co.	Partnership
(i) It has a minimum of 7 members and no	Minimum membership is 2 and Maximum. 20/50 for professionals.
(ii) Members have limited liabilities to the debts of the firm	(ii) Some partners have unlimited liabilities to the debts of the firm.
(iii) Death, insanity or bankruptcy of a member does not affect the firm.	(iii) Death, insanity or bankruptcy of a member causes the partnership to dissolve .
(iv) It is managed by a board of directors..	(iv) It is managed by active partners
(v) Capital is contributed through sale of shares mainly.	(v) Members contribute the same amount of money to raise capital

**18. Services that retailers render to consumers.**

- a. Breaking the bulk – Retailers divide the goods into smaller quantities that consumers can afford and in which they require.
- b. Regular supply of goods. - By storing goods needed by consumers thus ensuring continuous supply hence maintaining the price of goods.
- c. Provision of credit facilities. – Since retailers are in close contact with their customers, they may give credit facilities to credit worth customers.
- d. Advice – They advise consumers on choice and use of products.

- e. Offer a variety of goods. – Retailers stock a wide variety of goods from different suppliers hence enabling consumer to have a wide choice of goods.
- f. After sale services. – Retailers stock a wide variety of goods from different suppliers hence enabling consumers to have a wide choice of goods.
- g. After sale services. - Retailers offer services like free transport, installation, repair, maintenance services etc to the consumers.
- h. Availing products at the right place and time. – Retailers move goods from producers and stock them. Since they are close to consumers they provide goods to them at easy and at the right time.

**19. Benefits of using enclosed office plan.**

- a. Privacy and confidentiality is enhanced .
- b. There are minimal disruptions from noise and movements within the office.
- c. Creates a conducive working environment for the occupants- concentration in work is easy e.g in accounts.
- d. Security of files and other equipment is enhanced.
- e. An enclosed office is prestigious to the occupant and the entire organization.
- f. Spread of airborne diseases and other infections is limited.
- g. The occupant would control air conditioning, lighting and heating to a level comfortable to him/her.
- h. Respect among workers is improved since seniors are given own offices.