

## FORM 2 BUSINESS STUDIES MARKING SCHEME

1.

- a. Primary
- b. Tertiary
- c. Secondary
- d. Primary

**4 x 1 = mks**

2. Reduced wage bill due to few workers employed

- Increase in sales due lower prices and more customers
- Higher profits are made due to economies of scale
- Owner can insure business against losses since they have large capital
- **4 x 1 = mks**

3. Employees to be accommodated

- Legal requirement
- Supervision
- Work flow
- Communication
- Working space
- Proximity to equipment
- Office appearance
- **4 x 1 = mks**

4. Availability of capital at low rates of interest

- Improved and efficient infrastructure
- Healthy competition in the market
- Availability of skilled labour
- Favourable government policies towards business
- Removal of bureaucracy of red tape
- Use of modern technology
- Increase in consultancy institutions
- **4 x 1 = mks**

5. - Provide wood fuel

- Provide pulp for manufacture of paper
- Forest prevent soil erosion
- Source of timber used in the construction of industry
- They attract tourism
- Source of traditional medicines

Forests preserve water catchment areas **4 x 1 = mks**

6. – Its profitability

- The size of the market
- Break –even period
- Its potential growth
- The legal requirements
- It's competitive advantage
- **4 x 1 = mks**

7. – Air pollution causes air borne diseases

- Water pollution causes water born diseases
- Noise pollution causes ear born problems
- Solid waste pollution causes many diseases
- Congestion created as many people look for jobs
- There is pressure an available health resources /facilities
- There is environmental degradation
- Social evils e.g immorality
- Occupational hazards e.g. accidents
- Unhealthy products may be sold to the public
- **4 x 1 = mks**

8. - Changing the form of a commodity to suit the needs of the consumer

- Transporting the commodity to where it is needed
- Storing the commodity until it is required
- Selling or exchanging the commodity
- **4 x 1 = mks**

9. a) inquiry letter

b) Order

c) Catalogue /price list

d) Quotation

**4 x 1 = mks**

10. – It saves time on stamping postage on mail

- It minimizes pilferage on postage stamps
- It is easy to keep record of postage stamps
- An advertisement for the organization can b incorporated at low cost
- **4 x 1 = mks**

11. – It leads to quality goods being produced

- A wider variety of goods is available to the society
- It leads to a higher output of the goods to the society
- There is better utilization of resources
- It facilitates exchange of goods /services
- It leads to higher standards of living
- It creates employment in the society
- It leads to specializations thus leading to acquisition of better skills
- **4 x 1 = mks**
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**12.** They act as a link between producer and retailer

- Offer storage facilities thus ensuring continuous production
- Break the bulk
- Stabilize prices of goods
- Finance producers by making payments
- They advertise producer's products
- They prepare goods for sale by branding, packaging and labeling the goods
- Relieve the producer of risks such as fall in prices, bad debts, thefts, fire and spoilage
- **4 x 1 = mks**

**13.** – Low demand for goods due to low incomes of people

- Poor entrepreneurial culture among Kenyans
- Limited managerial skills among owners
- The subsistence lifestyle of the people limits their buying habits
- Inadequate capital to start a business in rural areas
- Poor infrastructure
- Inadequate security
- Cultural taboos and beliefs
- Inability to compete with well established businesses.
- **4 x 1 = mks**

**15.** – Exchange of ideas, thus promoting goods relations

- Revenue to government in form of taxes
- Earning of income/profits
- Creation of employment
- Provision of a variety of goods and services
- Disposal of surplus, goods/services
- Allow greater specialization
- Brings goods nearer to consumers
- **4 x 1 = mks**

**16.** – Low population

- Inadequate capital resources
- Inadequate security
- Use of inappropriate technology
- Poor infrastructure
- Government restrictions
- Limited market for the resources
- **4 x 1 = mks**

**17.** Availability of credit at cheap rates

- Proper planning /marketing
- Fair competition
- Efficient management of the business
- Availability of skilled manpower
- Use of modern technology
- Favourable government policies /support
- Availability of markets due to high population
- Proper pricing of products

- Political stability and security
- Appropriate products for the intended market **4 x 1 = mks**

**18. - The quality of the products**

- Quantity of the products
- The level of services
- The prices of goods /services
- Types of products
- **4 x 1 = mks**

**19. - Political**

- Economical
- Socio cultural
- Technological
- Legal structure
- Geographical
- Demographical
- Suppliers
- Competitors
- Customers
- Intermediaries
- Lobby groups
- **4 x 1 = mks**



**20. – No of copies**

- Quality required
- Cost of the means
- Urgency of copies
- Availability of means
- Impression required
- Type of documents
- Personnel to operate means
- **4 x 1 = mks**

**21. – Poor climate conditions**

- Lack of improved technology for utilization of land
- Absence of required natural resources from land
- Low population, leading to limited use of land
- Poor land tenure system
- **4 x 1 = mks**

**22. - Low incomes or unemployment**

- Poor health of an individual
- High prices of goods /services
- Scarcity of goods / services

- Political instability
- **4 x 1 = mks**

**23.** - Buyer can afford a wide variety of goods

- Buyers can afford expensive goods
- Buyer can use goods as he pays for than
- Since the installments are known buyer can plan or budget
- **4 x 1 = mks**
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**24.** - Necessary education /training

- Ability to control tamper
- Leadership qualities
- Ability to organize
- Self control and the required enthusiasm to handle the job
- **4 x 1 = mks**

**25.** - Business description (Executive summary)

- Organization plan
- Marketing plan
- Financial plan
- Operational plan

**1 x 4 = mks**

