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TERM ONE OPENER EXAMS

FORM 3

BUSINESS STUDIES MARKING SCHEME

1. Outline four types of business activities. (4mks)

- *Manufacturing*
- *Processing*
- *Construction*
- *Trader*

2. Mention four method used to determine the price of goods other than forces of demand and supply. (4mks)

- *Auctioning*
- *Tendering*
- *Government intervention*
- *Haggling*

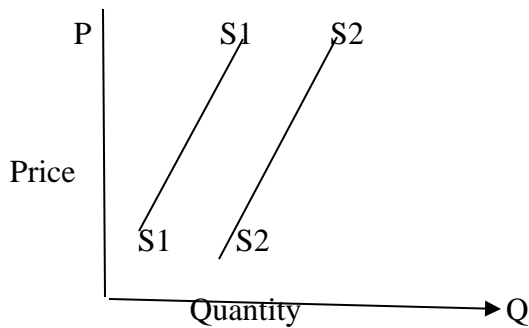
3. Highlight four characteristics of liners. (4mks)

- *Have fixed routes*
 - *Follow fixed timetable*
- *Charges are fixed*
- *Travel at regular intervals*

4. Outline four advantages of producer co-operative society. (4mks)

- *Better storage facilities for the products*
- *Obtaining better prices for their products*
- *Providing loans to members.*
- *Education to members on better methods of production.*

5. The diagram below shows a supply curve.



Highlight four factors that could led to the above behaviour. (4mks)

- *Decrease in the cost of production*
- *Availability of factors of production*
- *Future expectation of a decrease in price.*
- *Favourable government policies.*

6. State four characteristics of services. (4mks)

- *Are intangible*
- *Cannot be stored*
- *Quality cannot be standardized*
- *Instable from the provider.*

7. Give four reasons why government issues license to business. (4mks)

- *To regulate the number of business in a given area.*
- *To control the types of goods entering and leaving the country.*
- *To ensure those who engage in professional activities meet the requirements of their profession.*
- *To control entry of harmful goods in the country*

8. Outline four limitations of using pipeline transports.

- *Initial construction is very high*
- *Not flexible*
- *Accidental leakage may lead to environmental pollution.*
- *May lead to unemployment*

9. Highlight four factors that influence the location of a firm.

- *Availability of material*
- *Level of competition*
- *Availability of resources*
- *Government policy*

10. Highlight four factors to consider when selecting a means of communication. (4mks)

- *Speed*
- *Cost*
- *Confidentiality*
- *Evidence*

11. Give four advantages of bonded warehouse to the government. (4mks)

- *Source of government revenue*
- *Government is able to control entry of harmful goods in the country.*
- *Government is able to control quality of goods entering the country.*
- *Verify documents for goods in transit.*

12. Highlight four characteristics of indirect production.

- *Quality goods are produced*
- *Goods produced are of high quantity*
- *Encourages specialization.*
- *Encourages invention and innovation.*

13. Outline four public utilities provided by the county Government. (3mks)

- *Health*
- *transport*
- *Water*
- *Sewerage*

14. State four contents of a business plan. (4mks)

- *Name of the business*
- *Product to be sold*
- *Personnel to manage the business*
- *Amount of finance required*

15. Give differences between a Public and Private limited company.

Public limited company

Private company

- | | |
|---|--|
| - <i>Easy transfer of shares</i> | - <i>Restrict transfer of shares</i> |
| - <i>Managed by board of directors</i> | - <i>Managed by one or two directors</i> |
| - <i>Can start operations after receiving certificate of trading.</i> | - <i>Can start operations' after receiving a certificate of incorporation.</i> |
| - <i>Formed by a minimum of 7 shareholders.</i> | - <i>Managed by a minimum of two shareholders</i> |

16. State the factors of production that each of the following resources relates to.

- | Resources | Factors of production |
|------------------|-----------------------|
| - <i>Manager</i> | - <i>Labour</i> |
| - <i>Quarry</i> | - <i>land</i> |
| - <i>Vehicle</i> | - <i>capital</i> |

17. Give four reasons for existence of small firms. (4mks)

- *Requires less capital to start*

- *Limited menace*
- *Simplicity in organization*
- *Small firms are more flexible*
- *Belief that small firms are more manageable*

18. Differentiate between Joint demand and Derived demand. (4mks)

Joint demand – *demand for commodities that are consumed together. e.g a car and fuel.*

Derived demand- *demand that give rise to what is actually demanded.*

