

FORM 2

BUSINESS STUDIES

TERM 2 2022 OPENER EXAM FORM 2

MARKING SCHEME

1. State four sources of capital for a sole proprietorship business. (4mks)

- Inheritance
- Personal savings
- Getting goods on credit
- Getting goods on hire purchase
- Leasing or renting out one's properties
- Donations from friends and relatives
- Ploughing back profit.
- Borrowing from friends

2. State four advantages of open office layout.(4mks)

- Easy supervision of workers
- Construction cost is low because partitions are few
- Easy location of workers
- Staff movement is minimized thus saving time on passing communication
- Workers make good use of office machinery and equipment since close supervision discourages them from misusing them
- Maintenance cost is low
- Floor space is saved
- Its cheap to decorate

3. Identify four clauses constituent in the memorandum of association. (4mks)

- Capital clause
- Situation clause
- Declaration clause
- Liability clause
- Objects clause

4.State four principles governing the operations of co-operative societies. (4mks)

Open and voluntary membership

Democratic Administration

Dividend or repayment

Limited interest on share capital

Promotion of Education

Co-operation with other co-operatives

5. Highlight four circumstances under which a cheque may be dishonored. (4mks)

- Insufficient funds
- Signature differing
- Post dated cheque
- Stale cheque – presented six months after issue
- Drawer closed account with the bank
- Death, insanity or bankruptcy of the drawer
- Alterations in the cheque

(the answer should start with either; ‘if’, ‘when’ or ‘where’)

6. State four roles of office in an organisation.(4mks)

Receiving and recording information

Distribution of information

Mailing

Reproduction of document

7. State four roles of Nairobi stock exchange market as a market for securities. (4mks)

- Facilitates buying of shares-
- Facilitates selling of shares
- Safeguarding investors’ interests
- Provides useful information
- Assist companies to raise capital
- Creation of employment
- Raising revenue for the government.

- Availing a variety of securities
- Fixing of prices
- Measures a country's economic progress
- Promotes the culture of saving

8. State four characteristics of basic human wants. (4mks)

- One cannot do without them
- They are satisfied before secondary wants
- They cannot be postponed
- They are felt needs

9. Identify the utility created by the following activities. (4mks)

- (i) manufacturing.....form
- (ii) transport.....place
- (iii) warehousing.....time
- (iv) trade ___ possessive

2. Match the four factors of production with their respective rewards.(8mks)

| Factor | reward |
|-----------------------|----------------|
| (i)land | Rent/rates |
| (ii)labour | Salaries/wages |
| (iii)entrepreneurship | profit |
| (iv)capital | interest |

3. State four services rendered by retailers to consumers. (4mks)

- Availing a variety of goods
- Credit facilities
- Advice
- Breaking bulk
- After sales services

4. Give four elements that makes up the internal business environment. (4mks)

- Owners
- Business structure
- Business culture

resources

5. Highlight any four uses of computer in an office. (4mks)

Communication

Complex accounting

Storing staff information

Preparation of documents

(Any other relevant answer)

6. Identify the four essential elements of transport.(4mks)

Unit of carriage

Method of propulsion

Terminal

ways

7. State four disadvantages of air transport. (4mks)

- Causes noise pollution
- Air fields are not available in all places
- Cannot be conveniently used to carry heavy and bulky goods
- Expensive to acquire and maintain aircrafts
- Requires highly trained manpower e.g. air traffic controllers, pilots e. t. c
- Unfavorable weather conditions such as fog, mist and heavy rains smay cause delay
- It is an expensive means of transport in terms of freight charges
- Not suitable for transporting inflammable goods such as cooking gas and petrol
- In case of accidents results are catastrophic/ accidents are rare but fatal.
- Has limited carrying capacity which should not be exceeded.
- It is not flexible.
- Most air fields/ terminals are located some distance away from town/ city centers and therefore require transport or railway links that are affected by jams occasionally causing delays.
- Recent hijackings by terrorists have made air transport an insecure means especially for transporting valuables.

8. State four factors to consider when selecting means of transport. (4mks)

Cost

Distance

Urgency

Availability of the means

Security

Nature of goods

9. Name the two types of shares.(2mks)

Preference shares

Ordinary shares

