**565**

**BUSINESS STUDIES**

**FORM 2 JULY/AUGUST 2022 MARKING SCHEME**

1. **Characteristics of basic wants**
2. They are felt needs.
3. They are needed for survival.
4. They cannot be postponed.
5. They are recurrent.
6. They are satisfied before secondary wants.

4 × 1 = 4marks

1. **Essential elements of a good warehouse.**
2. Convenient location.
3. Managed by qualified personnel.
4. Security should be placed.
5. Should have specialized buildings and equipments.
6. Should have good communication network.
7. Should ensure proper record keeping.
8. Should be spacious.
9. Should abide by the laws.

4 × 1 = 4marks

1. **Documents required by registrar of companies for registration of a company.**
2. Memorandum of association.
3. Article of association.
4. List of directors.
5. Statement signed by directors.
6. Prospectus.
7. Declaration.

4 × 1 = 4marks

1. **Characteristics of chain stores.**
2. Purchases are centralized/goods are bought from the head office and distributed.
3. Are owned by one firm.
4. Branches are run by branch managers.
5. Operate branches in country controlled by the head office.
6. Branches deal in similar products.
7. Branches have similar shop fronts.
8. Prices are standardized in all branches.
9. Slow moving goods in one branch can be transferred to another branch.

4 × 1 = 4marks

1. **Why motorcycles are popular as means of transport.**
2. Cheap to acquire.
3. Low maintenance costs.
4. Flexible. No fixed route/timetable.
5. Charge relatively lower fare.
6. Legal formalities required to operate are few.
7. Does not require special skills.
8. Relatively faster than human porterage and cartage.

4 × 1 = 4marks

1. **Challenges that entrepreneurs face when carrying out business activities.**
2. Lack of business skills.
3. Competition from quality goods from outside the country.
4. Poor transport network.
5. Lack of entrepreneurial culture.
6. Inadequate funds/lack of collateral security/mistrust by financial institutions.
7. High cost of finance.
8. Lack of government support/goodwill.
9. Lack of business consultancy.
10. High fuel/energy costs.
11. Corruption and harassment by council askaris.
12. Lack of entrepreneurial role models in the society.
13. Degenerative cultures that do not welcome women entrepreneurs.

4 × 1 = 4marks

1. **Ways in which goods and services are classified.**
2. Free and economic goods.
3. Durable and perishable goods.
4. Material and immaterial goods.
5. Intermediate goods and finished goods.
6. Public goods and private goods.

4 × 1 = 4marks

1. **Features of land as a factor of production.**
2. It is a basic factor of production.
3. Its supply is fixed.
4. Lacks geographical mobility.
5. Has occupational mobility.
6. Quality is not homogeneous.
7. Subject to law of diminishing returns.
8. It is a natural resource.
9. Productivity of land may be increased by increasing quantity and quality of capital.
10. Its reward is rent/lease/loyalty/rates.

4 × 1 = 4marks

1. **Circumstances under which air transport would be suitable to a business enterprise.**
2. When distance to be travelled is far.
3. When goods are required urgently.
4. When business is to avoid perishable goods getting spoilt.
5. When business intend to minimize risks of loss through theft.
6. When goods are lighter.

4 × 1 = 4marks

1. **Reasons for locating bonded warehouse at the point of entry.**
2. To prevent entry of harmful/illegal goods.
3. For easy collection of customs duties.
4. For easy inspection of imported goods.
5. To prevent smuggling of goods.
6. For easy re-exportation of goods.

4 × 1 = 4marks

1. **Effects of poor filing system.**
2. Lack of confidentiality/documents are accessed by unauthorized people.
3. Difficult to retrieve documents.
4. Documents become dirty/damaged.
5. Office looks untidy.
6. Documents can get easily lost.
7. Time wasted in retrieving documents.

4 × 1 = 4marks

1. **Types of business activities.**
2. Extraction of goods/raw materials.
3. Processing of goods/raw materials.
4. Manufacturing of goods.
5. Construction of goods.
6. Distribution of goods.
7. Trade/exchange of goods.
8. Provision of services.

4 × 1 = 4marks

1. **Components of business studies.**
2. Accounting.
3. Commerce.
4. Office practice.
5. Economics entrepreneurship.

3 × 1 = 3marks

1. **Disadvantages of specialization.**
2. Leads to monotony.
3. Hinders creativity of people.
4. Make workers dependent on one trade.
5. Encourage use of machines leading to unemployment.
6. Make a country dependent on others.
7. Brings many people together leading to social evils/problems/crimes.
8. Lack of pride in the final product.
9. Production can stop due to technical fault.

4 × 1 = 4marks

1. **Ways in which government promote entrepreneurship.**
2. Building/improving infrastructure.
3. Improving level of security.
4. Lowering taxes.
5. Introducing/increasing subsidies.
6. Ensuring political stability.
7. Providing credit at affordable rates.
8. Enacting favourable government policies.
9. Controlling prices of electricity and petroleum products.

4 × 1 = 4marks

1. **Amount paid**

$Invoice price=shs.24,000$

$Less trade discount=\frac{10}{100}×24,000=2,400$

$Therefore 24,000-2,400=shs.21,600$

$Less cash discount=\frac{20}{100}×21,600=shs.4,320$

$Therefore amount paid=21,600-4,320$

$ =shs.16,280$

4 × 1 = 4marks

1. **Mailing services offered by the post office.**
2. Express.
3. Poste restante.
4. Business reply services.
5. Speed post.
6. Registered mail.

4 × 1 = 4marks

1. **Gaps that may exist in a market.**
2. Inavailability of products.
3. Poor quality products.
4. Insufficient quantities being offered.
5. Unaffordable prices.
6. Poor services/customers not well served.

4 × 1 = 4marks

1. **Circumstances when to use cash as a means of payment.**
2. When the amount involved is small.
3. Where payee does not accept other means of payment.
4. When it is the only means available.
5. Where payee requires cash urgently.
6. Where the credit worthiness of the buyer is doubtful.
7. Where there is need to avoid expenses associated with other means of payment.

4 × 1 = 4marks

1. **How Kenya association of manufacturers ensures their members do not exploit consumers.**
2. Ensure their members follow business ethics/ do not take advantage of consumers’ ignorance.
3. They work together to deal with complaints from consumers and take strict measures against the members that who have violated consumer rights.
4. They set high standards of quality for products purchased by their members.
5. They investigate consumers’ complaints against their members and they ensure right action is taken against them.
6. They educate and inform consumers on the features processing effective usage and identification of given products.

4 × 1 = 4marks

1. **Qualities of an office messenger.**
2. Polite.
3. Honest.
4. Loyal.
5. Punctuality.
6. Respectful.
7. Accurate.
8. Diplomatic.
9. Good hygiene.
10. Proper posture.
11. Good moral behavior.
12. Good health.
13. Good physical appearance.

4 × 1 = 4marks

1. **Challenges of operating a business without a plan.**
2. Non registration of a firm.
3. Inability to obtain loans.
4. Lack of staff motivation.
5. May commit mistakes/errors in business operation.
6. May not be able to identify strengths and weaknesses.
7. Possible misallocation of resources/poor allocation of resources.
8. Difficult to adapt new changes which may arise.

4 × 1 = 4marks

1. **Reasons for privatization of public corporations**
2. To improve efficiency in their operation.
3. To generate revenue to the government.
4. To enhance competition.
5. To reduce government expenditure.
6. To comply with conditions set by the development partners/foreign donors.
7. To allow government to focus on other state responsibilities.
8. To minimize political interference.
9. To increase public participation in economic activities of the country.

4 × 1 = 4marks

1. **Limitations faced by Jane and Joyce business operation.**
2. Has slow decision making since the partners have to consult each other/discuss with each other.
3. Has unlimited liability, for some partners and thus personal property maybe sold to pay debt of partnership.
4. Continued disagreement between partners, may lead to lack of smooth running/operations resulting to loss of profit/business closure.
5. Have no perpetual succession, as the business is affected by sickness, insanity or death of a partner.
6. Have the burden of sharing losses/debts as the action of a partner is burdening on the other/may make the other partner suffer.
7. Lack of adequate motivation to hardworking partner, as the partner may not be proportionately rewarded according to their work when profit is shared equally.
8. A partnership may have limited access to a variety of managerial skills, especially where the partner manage the business themselves.

Any 5 × 5 = 10marks