**FORM TWO END TERM 3 2022 BUSINESS MARKING SCHEME**

1.. For each of the following goods, identify the appropriate class that they belong to. (4 marks)

|  |  |
| --- | --- |
| **Goods** | **Classification** |
| Road | *Public goods* |
| Sisal | *Intermediate goods* |
| Bread | *Consumer goods* |
| Tractor | *Capital goods* |

2.. Outline ***four*** ways in which the legal political environment can influence the activities of a business. (4 marks)

*- To start a business one must obtain a trading license.*

*- Taxes are imposed by government on the activities of a business.*

*- Government offers subsidies to producers.*

*- The law requires that goods sold must meet certain specified standards.*

*- Political stability creates a conducive environment for business to thrive.*

3.. Outline ***four*** characteristics of landscape office layout.

*- Large floor area occupied by all officers.*

*- Various departments operate in demarcated areas.*

*- Use of decorations, pated plants, furniture for demarcation enhances the office outlook.*

*- Senior officers mainly operate from raised grounds for easy supervision.*

4.. Differentiate between a tied shop and a single shop. (4 marks)

|  |  |
| --- | --- |
| **Tied shop** | **Single shop** |
| *- Sells products of a particular manufacturer* | *- Sells goods from different manufacturers* |
| *- Have same outward appearance* | *- One has outward appearance from another* |
| *- Sells one line of goods* | *- Sells a variety of goods.* |
| *- Sells goods at same price as the other tied shops in different towns* | *- Sells goods at different prizes depending on demand and location of the shop.* |
| *- Product promotion done by the manufacturer* | *- Done by the particular shop.* |

5. Highlight ***four*** duties of consumer associations towards consumer protection. (4 marks)

*- Educating their members on their rights e.g. checking expiry dates before buying.*

*- Receiving complaints from consumers and acting on them.*

*- Reporting all cases of non-compliance with quality and other standards.*

*- Boycotting the products of traders who are exploitative.*

*- Demonstrating against consumer exploitation by traders.*

*- Forming vigilante groups to serve as watchdogs.*

6. Highlight ***four*** circumstances under which railway transport may be appropriate as a means of transport.

*- When the commodities being transported are bulky or heavy.*

*- When transporting goods that require special facilities e.g. cattle. Rail, special wagons enable animals to feed as they are being transported.*

*- If the distance to be covered is great.*

*- If there is need to cut down on transport cost because it is cheap*

*- If the volume of goods being transported is great. Rail transport can carry many goods at once.*

*- Where shunting facilities are available.*

7. Outline ***four*** circumstances under which communication would become ineffective. (4 marks)

*- Language barrier - Emotional responses*

*- Poor listening - Unclear systems within the organization*

*- Negative attitude - Noise*

*- Poor timing - Unfamiliar non-verbal signals*

*- Wrong medium - Prejudgement*

8. Mention ***four*** benefits of warehousing to the consumers. (4 marks)

*- Ensures steady supply of goods hence no shortage*

*- Steady supply leads to stable prices.*

*- Some goods improve in quality while in the warehouse e.g. wine.*

*- Can have the opportunity to inspect goods before buying.*

*- Goods are prepared for sale while in a warehouse/breaking bulk*

9. Mr. Ndumia insured his lorry whose value was shs.1,000,000 for shillings 600,000 against the risk of fire outbreak. While on transit, there was a mechanical problem and the lorry caught fire and was burnt causing a loss of shs.500,000. Calculate the compensation amount. (4 marks)

*Compensation = Sum insured x Actual loss*

*Value of property*

*Compensation = 600,000 x 500,000*

*1,000,000*

*=* ***300,000***

*NB: 300,000 is the compensation amount.*

*Reason: The lorry had been under insured.*

10. For each of the following descriptions, identify the corresponding method of product promotion. (4 marks)

|  |  |
| --- | --- |
| **DESCRIPTION** | **METHOD OF PROMOTION** |
| Free promotion of a product | *Free publicity* |
| Strategies to increase sales at the point of promotion. | *Personal selling* |
| Impersonal presentation of a product through the mass media | *Advertising* |
| Meant to improve the reputation of a firm | *Public relations* |

11. Outline **four** ways in which a good business structure is of benefit to a business organization(4mks)

1. Facilitates easy control of workers
2. Facilitates easy evaluation of workers
3. Reduces confusion among workers
4. Enhances teamwork (4x1=4mks)

12. Outline **four** difficulties that would be faced by an individual in the satisfaction of human

wants (4mks)

1. Needs are unlimited
2. Different tastes and preferences
3. Government restrictions
4. Different prices of goods
5. Limited resources/income (4x1=4mks

13. State **four** circumstances under which it may be appropriate to use personal selling as a form of product promotion (4mks)

1. Its not easy to ignore like other methods
2. Its more persuasive
3. Immediate feed back about the product is got
4. Seller is able to direct effort to a specific group
5. Consumers are shown how to use a product
6. Demonstration can be done
7. Suitable for both the literate and illiterate (4x1=4mks)

14. State **four** functions of commercial attaches (4mks)

1. Look for market for Kenyan goods abroad
2. Organize trade tours for Kenyan traders
3. Inform local producers of standards required and procedures in foreign countries
4. Help in identifying agents in foreign countries for local producers
5. Organize training for local businessmen abroad
6. Avail information about selling opportunities in foreign countries (4x1=4mks)

15. Give **four** reasons why some traders prefer to operate supermarket business (4mks)

1. Increase sales
2. Lower operational costs
3. Enjoy economies of sale
4. Time is saved

16. State **four** reasons why short message service (SMS) is replacing letters as a way of communication (4mks)

1. Cheap to use SMS services
2. Faster than letters
3. Can be sent to many at once
4. Realiable-delivery reports are given (4x1=4mks)

17. State **four** circumstances under which a clerk may be employed to work in organization (4mks)

1. Where there is need to operate various office equipments
2. When there is need to index and file
3. Need for store keeping
4. Need of ordering, receiving and issuing stationary
5. Need to handle mail (4x1=4mks)

18. Give **four** benefits that are likely to result form a modern railway network in the country (4mks)

1. Effective in transporting heavy and bulky goods
2. Reduce damage of roads by vehicles
3. Commodities will be transported cheaply over long distance
4. Road and port congestion will reduce
5. Pollution along the roads will reduce