FORM 2

BUSINESS STUDIES

END OF TERM EXAM

**MARKING SCHEME**

1. **Services offered by wholesalers to retailers**.

(a) Offer transport facilities.

(b) Break bulk for benefit of retailers.

(c) May offer advice to retailer for example on offer available.

(d) Conduct sales promotion hence saving retailers the problem of having to do so.

(e) Avail goods at places convenient to retailers.

(f) They grade, sort, blend, pack and brand goods.

(g) Stock a variety of goods therefore the retailer does not have to move to different producers. (Any 4 x 1 = 4 marks)

2. **Benefits enjoyed by a trader who does not sell on credit**.

(a) Does not suffer from bad debts.

(b) Does not spend money on debt collection.

(c) Does not incur cost of keeping records of debtor.

(d) He/she does not suffer cash flow shortage/working capital is readily available.

(e) Does not waste time following customers to pay. (Any 4 x 1 = 4 marks)

3. **Features of a good filing system**.

(a) Should occupy less space/compactness.

(b) Should be simple and easy to understand/simplicity.

(c) Should protect document from loss, misplacement, theft and destruction/safety.

(d) Should be capable of expansion/elasticity.

(e) Should be appropriate to the needs of the organization/suitability.

(f) Should not be expensive to start and to maintain/economical.

(g) Should be easy to retrieve information without disturbing other documents/ accessibility. (Any 4 x 1 = 4 marks)

4. **Roles of an entrepreneur in production**.

(a) Starts the business/project.

(b) Controls the production process.

(c) Makes the decision on what to produce and when to produce it.

(d) Acquires and pays for all the factors of production.

(e) Bears all the risks

(f) Enjoys the profit

(g) Pays all the expenses

(h) Owns the whole project

5. **Benefits of running a sole proprietorship business**.

(a) Decision making and implementation is fast.

(b) Owner exercises direct personal control on the business at all times.

(c) Owner has close and personal contacts with customers.

(d) The trader is accountable to himself/herself.

(e) Trader enjoys profit alone.

(f) Flexibility of business.

(g) Can keep business secrets/high level of confidentiality.

(h) Few legal procedures are required.

(i) Trader can get assistance from family members

**6. Factors that a trader may consider when determining the appropriate means of transport**.

(a) Cost. (d) Security

(b) Reliability. (e) Distance

(c) Nature of goods. (Any 4 x 1 = 4 marks)

**7. Ways the government may regulate business activities in a country**.

(a) Issuing licenses.

(b) Enacting legislation.

(c) Formulating policies.

(d) Setting standards.

(e) Issuing directives.

(f) Price controls.

(g) Taxation and offering subsidies.

(h) Fixing quotas. (Any 4 x 1 = 4 marks)

8. **Benefits of producer co-operatives to a farmer.**

- Receive loans on easy terms.

- Receives farm inputs on credit.

- Educate members on better farming methods.

- Provide transport for goods to the market.

- Provide storage for members.

- Look/search for markets.

9. **Identify the terms given to each of the following statements. (4 marks)**

|  |  |  |
| --- | --- | --- |
|  | Statement | Term |
| a. | Transport goods from producers to consumers | Distribution |
| b. | Activities carried out with a view of making profit. | Business |
| c. | A person who uses a good or service. | Consumer |
| d. | Increasing the usefulness of a good or services | Production |

1**0. Disadvantages of containers**

1. Containers are expensive and this increases the cost of transporting goods
2. Containers are not suitable for transporting small quantities
3. May not be suitable for goods with irregular shapes
4. Contributes to unemployment since it is capital intensive

11. **Horizontal communication**

. i) For coordination and harmonization of different activities

1. To create team work within the departments
2. To exchange ideas in order to develop human resources
3. To reduce goal blindness among different departments
4. To create a sense of belonging among departmental heads, thus acting as a motivation factor.

12. **Documents for registration of a public company**

1. Memorandum of Association
2. Articles of Association
3. List of directors
4. A statement signed by the directors accepting to act as directors
5. Declaration hat registration requirements as laid down by the law have been met.

**13. Ways in which consumers can be exploited**

* Sale of underweight goods
* Sale of expired goods
* Overpricing
* Sale of fake goods
* Poor quality goods / services.

4x1 = 4marks

14. **Feature of indirect prtoduction**

* Goods are mainly for sale / Market
* Production is usually in large scale
* Modern technology is extensively used
* Specialization is practiced
* Surplus goods are produced
* Good quality goods are produced. 4x1 = 4marks

15. **Partitioned office layout**

* Difficulty on supervision
* Wastage of space
* High cost of construction
* Need for additional facilities
* Under-utilization of resources
* Difficulty in maintenance
* Disruption of work flow.
* Difficulty in re-organization

4x1 = 4marks

**16. Benefits of a wholesaler operating warehouse**. (i) Affords security/safety to the goods from theft/damage/loss.

1. Allows the distributor enough time to plan for the distribution of goods.
2. Goods can be tested and checked if still in good conditions before use/sale.
3. Goods not fully manufactured may be completed in a private warehouse

e.g. packing, branding.

(v) Allows continuous supply of goods in the market/avoid shortages since

the firm can add more stock depending on the amount of stock held at one time.

1. Enables the wholesaler to pole up stock in anticipation of high seasonal demand.
2. Can purchase stock in bulk and hence accrue the economies of scale.
3. Assurance of space all the time since there is no competition.