

MARKING SCHEME BUSINESS STUDIES FORM 3

1.a) -A person who starts and runs a business

-A person who identifies a business opportunity and gets the necessary resources to start and run a business (2 mks)

b)The act of starting and running a business (2 mks)

2.As a producer of goods and services

As a consumer of goods and services (2 mks,Any other relevant answer)

3.-To reduce the number of businesses in operation

-To ensure that no illegal businesses are carried out

-To raise revenue

-To ensure there is healthy competition (4 mks)

4.If the goods to be transported are bulky

If the goods are not urgently needed

If the goods are not perishable

If the distance involved is very long (4 mks, Any other relevant answer)

5.Motor vehicles

Human portorage

Carts

Trains (4 mks)

6. a)Indemnity-The insurer restores the insured to the financial position he/she was in just before the loss occurred

b)Insurable interest-One can only insure property that he/she has interest in (owns),or a property which if the risk insured against occurs,he/she will suffer direct financial loss

c)Subrogation-After compensation,the remains of the property insured becomes the property of the insurer.

d)Utmost good faith-The insured is supposed to disclose all facts about the property being insured (6 mks, Any other correct answer)

7. Personal selling

Advertising

Public relations

Publicity (4 mks)

8.-Demonstrations can be done

-It is suitable for both the literate and illiterate

-The prospective buyers can give immediate immediate

-There is contact between buyers and sellers (4mks)

9. Demand is the quantity of a commodity that buyers are willing and able to buy at a particular price over a given period of time while Supply is the quantity of a commodity that sellers are willing and able to bring to the market at a particular price over a given period of time. (4 mks)

10.-Price of the product

-Level of income

-Change in population

-Prices of other related products (4 mks)

11. Product advertising

Institutional advertising

Primary demand advertising

Celebrity advertising (4 mks)

12. Horizontal communication is movement of information between and among people in the same level/rank in an organization while vertical communication is movement of information between and among people in different ranks in an organization (4 mks)

13. Cash discount

Trade discount

Quantity discount (2 mks)