

NAME: ..... ADM NO: ..... CLASS: .....

**FORM TWO BUSINESS STUDIES**  
**TIME: 1 ½ HOURS**  
**MAXIMUM SCORE = 70MARKS**

**MARKING SCHEME**

**Answer all the questions in the spaces provided.**

1. State the term given to each of the following statements:- (3 mks)
- (a) Activities carried out with view of making profit – **Business**
  - (b) Increasing the usefulness of a good or services. – **Production**
  - (c) Movement of goods from producer to consumer – **Distribution**
2. State whether each of the following factors fall under macro-environment or micro-environment.
- (i) Competitive environment – **Macro**
  - (ii) Legal-political environment – **Macro**
  - (iii) Business structure – **Micro**
  - (iv) Business culture – **Micro**
3. Using examples, distinguish between man-made resources and human resources. (4 mks)
- (i) **Man-made resources – resources created by human being to be used in satisfying their wants e.g clothes .**
  - (ii) **Human resources – Human being rendering services in production e.g teacher.**

4. List down four factors of production and their rewards. (4 mks)

<b>Factor</b>	<b>Reward</b>
(i) Land	Rates
(ii) Capital	Interest
(iii) Entrepreneurship	Profit
(iv) Labour	Wage

5. Outline four circumstances under which a partnership may be dissolved. (4 mks)
- (i) **If partners mutually agree to dissolve the business.**
  - (ii) **A court order.**
  - (iii) **Continued disagreements among the partners.**
  - (iv) **In case of completion of the intended purpose.**

6. State four ways in which government may regulate business activities. (4 mks)
- (i) **Regulation**
  - (ii) **Training**
  - (iii) **Trade promotion**
  - (iv) **Provision of public utilities**
7. List four essential elements of transport. (4 mks)
- (i) **Unit of carriage**
  - (ii) **Methods of propulsion**
  - (iii) **Ways**
  - (iv) **Terminals**
8. State four barriers to effective communication. (4 mks)
- (i) **Language barrier**
  - (ii) **Poor listening**
  - (iii) **Negative attitude**
  - (iv) **Poor timing**
9. Outline procedure for making an insurance claim. (5 mks)
- (i) **Notifying the insurer**
  - (ii) **Filling a claim form**
  - (iii) **Investigation of the claim**
  - (iv) **Preparation of the assessment report.**
  - (v) **Payment of the claim.**
10. Highlight four circumstances under which personal selling is appropriate. (4 mks)
- **When launching a new product**
  - **When demonstration is required**
  - **Where market is concentrated in one area**
  - **When the value of the product is high.**
11. State four reasons why a cheque may be dishonoured. (4 mks)
- **Insufficient funds in the account**
  - **Signature differ from the specimen in the bank**
  - **If the drawer has closed his/her account with the bank**
  - **Stale cheque**
12. Classify the following staff as subordinate, junior or management. (4 mks)

Staff	Category
(a) Executive officer	<b>Management</b>
(b) Driver	<b>Junior</b>
(c) Typist	<b>Junior</b>
(d) Receptionist	<b>Subordinate</b>
(c) Director	<b>Management</b>

13. List various sources of a business idea. (4 mks)

- **Magazine**
- **Newspapers**
- **Hobbies**
- **Surveys**

14. Outline four factors to consider when selecting office requirement. (4 mks)

- **Cost**
- **Adaptability**
- **Durability**
- **Availability of manpower**

15. State four functions of retailers to consumers. (4 mks)

- **Credit facilities**
- **After-sales services**
- **Advice**
- **Breaking bulk**

16. State four types of utilities. (4 mks)

- **Form utility**
- **Time utility**
- **Place utility**
- **Possessive utility**

17. Classify each of the following as renewable or non-renewable resource. (4 mks)

<b>Item</b>	<b>Renewable</b>	<b>Non-renewable</b>
Wood	<b>Renewable</b>	
Solar energy	<b>Renewable</b>	
Gravel		<b>Non-renewable</b>
Natural gas		<b>Non-renewable</b>