

EDUZEDCO

565/2 BUSINESS STUDIES

Paper 2

Form 1 End Term Examination

Time: 2 ½ Hours

Name:

Adm No:

School:

Class:

Signature:

Date:

INSTRUCTIONS TO CANDIDATES

- (a) Write your name and index number in the spaces provided at the top of this page.
- (b) Write your school name, sign and write the date of the examination in the spaces provided above.
- (c) This paper consists of **Two** sections: **Section I** and **Section II**.
- (d) Answer **ALL** questions in Section I and any **five questions** from Section II.
- (e) Marks may be given for correct working, relevant points, and clear presentation.
- (f) Non-programmable silent electronic calculators may be used where necessary.
- (h) This paper consists of **8 printed pages**.
- (i) Candidates should check the question paper to ensure that all the pages are printed as indicated and no questions are missing.
- (j) Candidates should answer the questions in English.

For Examiner's Use Only

SECTION I

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Total

SECTION II

21	22	23	24	25	26	Total	Grand Total

SECTION I (50 Marks)

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

1. Define the term 'Business Studies'. (2 mks)
2. Name two components of the external business environment. (2 mks)
3. Give three reasons why we study Business Studies. (3 mks)
4. Define the term 'entrepreneur'. (2 mks)
5. List three characteristics of an entrepreneur. (3 mks)
6. Name three office equipment used for communication. (3 mks)
7. Explain why office equipment is important in a business organization. (4 mks)
8. Define the term 'home trade'. (2 mks)
9. Distinguish between retail trade and wholesale trade. (4 mks)
10. Explain two functions of a retailer. (4 mks)

- 11.** Describe five types of retailers. (5 mks)
- 12.** Explain two services a wholesaler offers to a retailer. (4 mks)
- 13.** List four documents used in home trade. (4 mks)
- 14.** Explain the following terms of payment: (i) Cash; (ii) Credit; (iii) Hire purchase. (4 mks)
- (i) Cash
- (ii) Credit
- (iii) Hire purchase
- 15.** A retailer buys goods worth Ksh 50,000 from a wholesaler. The wholesaler offers a trade discount of 10%. Calculate the trade discount and the amount payable. (4 mks)
- 16.** Define the term 'production'. (2 mks)
- 17.** Name three factors of production. (3 mks)
- 18.** Explain the following types of utility: (i) Form utility; (ii) Place utility; (iii) Time utility. (4 mks)
- (i) Form utility

(ii) Place utility

(iii) Time utility

19. List three sources of business ideas. (3 mks)

20. Explain two ways in which business activities contribute to the economy of a country. (4 mks)

SECTION II (50 Marks)

*Answer any **five** questions from this section in the spaces provided.*

21. Describe the steps an entrepreneur should follow when starting a new business. (10 mks)
22. Discuss the factors to consider when selecting office equipment for a business. (10 mks)
23. Explain four advantages and four disadvantages of self-service shops. (10 mks)
24. Describe the following documents used in home trade and state their uses: (i) Invoice; (ii) Receipt; (iii) Delivery note; (iv) Purchase order. (10 mks)
- (i) Invoice
 - (ii) Receipt
 - (iii) Delivery note
 - (iv) Purchase order
25. Discuss the role of an entrepreneur in the production process. (10 mks)

- 26.** Explain five reasons why studying Business Studies is important to an individual. (10 mks)

565/2 BUSINESS STUDIES MARKING SCHEME

Form 1 Paper 2

SECTION I (50 marks)

1. Define the term 'Business Studies'. (2 marks)

Correct definition: Business Studies is the study of activities involved in the production, distribution, and consumption of goods and services. [2]

Alternative method/answer:

Business Studies is the study of how businesses are organized, managed, and operated to satisfy human wants.

2. Name two components of the external business environment. (2 marks)

Naming any two external environment components (1 mark each) [2]

Alternative method/answer:

Economic, political, legal, social, technological, demographic, natural, cultural, etc.

3. Give three reasons why we study Business Studies. (3 marks)

Stating any three reasons (1 mark each) [3]

Alternative method/answer:

To acquire business skills, to understand business operations, to prepare for self-employment, to become a responsible consumer, to make informed decisions.

4. Define the term 'entrepreneur'. (2 marks)

Correct definition: An entrepreneur is a person who identifies business opportunities and combines resources to start and manage a business venture. [2]

Alternative method/answer:

An entrepreneur is an individual who takes risks to start and run a business.

5. List three characteristics of an entrepreneur. (3 marks)

Listing any three characteristics (1 mark each) [3]

Alternative method/answer:

Risk-taking, innovation, self-confidence, perseverance, creativity, leadership, decision-making.

6. Name three office equipment used for communication. (3 marks)

Naming any three office communication equipment (1 mark each) [3]

Alternative method/answer:

Telephone, fax machine, computer, printer, scanner, intercom, photocopier.

7. Explain why office equipment is important in a business organization. (4 marks)

Explaining any two importance (2 marks each) [4]

Alternative method/answer:

Increases efficiency (2 marks), saves time (2 marks), improves communication (2 marks), enhances record keeping (2 marks).

8. Define the term 'home trade'. (2 marks)

Correct definition: Home trade is the exchange of goods and services within a country's borders. [2]

Alternative method/answer:

Home trade is the buying and selling of goods and services within the same country.

9. Distinguish between retail trade and wholesale trade. (4 marks)

Correct distinction: Retail trade sells goods to final consumers in small quantities (2 marks); wholesale trade sells goods to retailers in large quantities (2 marks). [4]

Alternative method/answer:

Retail trade involves selling directly to consumers; wholesale trade involves selling to other businesses.

- 10. Explain two functions of a retailer. (4 marks)**

Explaining any two functions (2 marks each) [4]

Alternative method/answer:

Breaking bulk (2 marks), providing credit (2 marks), offering after-sales service (2 marks), stocking a variety of goods (2 marks).

- 11. Describe five types of retailers. (5 marks)**

Describing any five types (1 mark each) [5]

Alternative method/answer:

Kiosk: small shop selling basic items; supermarket: large self-service store; hawker: itinerant seller; mobile shop: vehicle-based shop; department store: large store with multiple departments; tuck shop: small shop in school; market stall: temporary structure.

- 12. Explain two services a wholesaler offers to a retailer. (4 marks)**

Explaining any two services (2 marks each) [4]

Alternative method/answer:

Providing credit (2 marks), storage facilities (2 marks), transportation (2 marks), market information (2 marks), bulk breaking (2 marks).

- 13. List four documents used in home trade. (4 marks)**

Listing any four documents (1 mark each) [4]

Alternative method/answer:

Invoice, receipt, delivery note, purchase order, credit note, debit note, statement of account, quotation.

- 14. Explain the following terms of payment: (i) Cash; (ii) Credit; (iii) Hire purchase. (4 marks)**

Cash: immediate payment (1 mark); Credit: payment at a later date (1 mark); Hire purchase: payment in installments with ownership after final payment (2 marks) [4]

Alternative method/answer:

Cash: payment on delivery; Credit: deferred payment; Hire purchase: installment plan with transfer of ownership after last installment.

- 15. A retailer buys goods worth Ksh 50,000 from a wholesaler. The wholesaler offers a trade discount of 10%. Calculate the trade discount and the amount payable. (4 marks)**

Trade discount = 10% of 50,000 = 5,000 (2 marks) [2]

Amount payable = 50,000 - 5,000 = 45,000 (2 marks) [2]

Alternative method/answer:

Trade discount = $50,000 \times 0.1 = 5,000$; Amount payable = $50,000 - 5,000 = 45,000$.

- 16. Define the term 'production'. (2 marks)**

Correct definition: Production is the process of creating goods and services to satisfy human wants. [2]

Alternative method/answer:

Production is the transformation of raw materials into finished goods and services.

- 17. Name three factors of production. (3 marks)**

Naming any three factors (1 mark each) [3]

Alternative method/answer:

Land, labor, capital, entrepreneurship.

- 18. Explain the following types of utility: (i) Form utility; (ii) Place utility; (iii) Time utility. (4 marks)**

Form utility: created by changing raw materials into finished goods (1 mark); Place utility: created by transporting goods to where they are needed (1 mark); Time utility: created by storing goods until they are needed (2 marks) [4]

Alternative method/answer:

Form utility: manufacturing; Place utility: distribution; Time utility: storage.

19. List three sources of business ideas. (3 marks)

Listing any three sources (1 mark each) [3]

Alternative method/answer:

Personal experience, market research, hobbies, observation, innovation, franchising, trade fairs.

20. Explain two ways in which business activities contribute to the economy of a country. (4 marks)

Explaining any two contributions (2 marks each) [4]

Alternative method/answer:

Employment creation (2 marks), revenue generation through taxes (2 marks), provision of goods and services (2 marks), foreign exchange earnings (2 marks).

SECTION II (50 marks)

21. Describe the steps an entrepreneur should follow when starting a new business. (10 marks)

Identifying a business opportunity (1 mark) [1]

Conducting market research (1 mark) [1]

Preparing a business plan (2 marks) [2]

Sourcing capital (1 mark) [1]

Registering the business (1 mark) [1]

Acquiring premises and equipment (1 mark) [1]

Hiring staff (1 mark) [1]

Starting operations (2 marks) [2]

Alternative method/answer:

Any logical sequence of steps with appropriate descriptions.

22. Discuss the factors to consider when selecting office equipment for a business. (10 marks)

Cost (2 marks) [2]

Durability (2 marks) [2]

Ease of use (1 mark) [1]

After-sales service (1 mark) [1]

Compatibility (1 mark) [1]

Space availability (1 mark) [1]

Brand reputation (2 marks) [2]

Alternative method/answer:

Other factors: energy efficiency, warranty, availability of spare parts, training requirements.

23. Explain four advantages and four disadvantages of self-service shops. (10 marks)

Advantages: lower prices (1 mark), wide variety (1 mark), convenience (1 mark), self-selection (1 mark) [4]

Disadvantages: shoplifting (1 mark), limited personal service (1 mark), impulse buying (1 mark), high initial investment (1 mark) [4]

Explanation of each point (2 marks for any two well-explained points) [2]

Alternative method/answer:

Other advantages: longer operating hours, less crowding. Other disadvantages: lack of assistance, difficulty in returning goods.

24. Describe the following documents used in home trade and state their uses: (i) (10 marks)

Invoice; (ii) Receipt; (iii) Delivery note; (iv) Purchase order.

Invoice: document listing goods sold and amount due (2 marks); use: request payment (0.5 mark) [2.5]

Receipt: proof of payment (2 marks); use: evidence of transaction (0.5 mark) [2.5]

Delivery note: accompanies goods, confirms delivery (2 marks); use: record of goods received (0.5 mark) [2.5]

Purchase order: buyer's request for goods (2 marks); use: initiate order (0.5 mark) [2.5]

Alternative method/answer:

Other documents: credit note, debit note, statement of account.

25. Discuss the role of an entrepreneur in the production process. (10 marks)

Identifying opportunities (2 marks) [2]

Mobilizing resources (2 marks) [2]

Making decisions (2 marks) [2]

Bearing risks (2 marks) [2]

Innovating and coordinating factors (2 marks) [2]

Alternative method/answer:

Other roles: organizing production, marketing, financial management.

26. Explain five reasons why studying Business Studies is important to an individual. (10 marks)

Acquire business skills (2 marks) [2]

Understand business operations (2 marks) [2]

Prepare for self-employment (2 marks) [2]

Make informed consumer decisions (2 marks) [2]

Become responsible citizens (2 marks) [2]

Alternative method/answer:

Other reasons: develop entrepreneurial skills, understand economic issues, career opportunities.