

Answer all the questions

1. State four features of a private limited company.

(4 Marks)

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2. The table below contains descriptions relating to some type of warehouses. In the spaces provided, write the type of warehouse to which each description refers. (4 Marks)

Description of warehouses	Type of warehouses
(a) Used to store imported goods	
(b) Operated for owners use	
(c) Owned and operated by manufacturers and farmers	
(d) Anybody can rent space in it for storing goods temporarily	

3. Highlight any four ways through which the Government engages itself in commercial activities.

(4 Marks)

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4. Highlight four features of the insurance policy.

(4 Marks)

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5. Savings and Credit Co-operatives Societies (SACCO's) are non-bank financial institutions. Write four functions of SACCO's.

(4 Marks)

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6. Give four social responsibilities that a firm has towards the society or community.

(4 Marks)

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7. State four advantages of partnership over a sole proprietorship.

(4 Marks)

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8. Outline four reasons that account for the need of consumer protection from producers and business people.

(4 Marks)

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9. Highlight four circumstances under which a firm may find it necessary to rely on telex as a means of communication. (4 Marks)

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10. Enumerate four differences between endowment insurance policy and a whole life policy. (4 Marks)

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11. Give four disadvantages to a trader who stores goods in a public warehouse. (4 Marks)

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12. State three roles played by the Kenya Bureau of Standards in the protection of consumers. (4 Marks)

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13. State the essential elements of a transport system. (4 Marks)

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14. State any four reasons why a partnership may want to change into a private company (4 Marks)

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15. Identify any four emerging issues that have affected Government and business activities. (4 Marks)

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16. Outline any four reasons while the mobile phone is increasingly becoming a major means of communication. (4 Marks)

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17. Identify any four reasons why a businessman would prefer to have private warehouse. (4 Marks)

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18. Outline any four factors that should be considered when determining the premiums charged by an insurer. (4 Marks)

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19. Outline four reasons direct mail is not a very popular method of product promotion. (4 Marks)

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20. Highlight four disadvantages of cartage as a means of transport. (4 Marks)

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21. State four benefits that Kenya would get from a liberalized economy. (4 Marks)

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22. Bicycle transport commonly known as "boda boda" has become very popular in most parts of the country. Outline four factors that have led to this trend. (4 Marks)

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23. Outline four circumstances under which personal selling may be used. (4 Marks)

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24. State four roles that are played by insurance in an economy. (4 Marks)

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25. State four reasons why sales promotion is important to a firm. (4 Marks)

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B/STUDIES MARKING SCHEME FORM 2

1. Features of a private limited company
 - Membership – min. 2 max 50
 - Management by board of directors
 - Starts operating after acquiring a certificate of incorporation
 - Required not to publish its statement of account
- 2.Types of warehouse
 - Bonded warehouses
 - Private warehouses
 - Producer warehouse
 - Public warehouses
- 3.Ways Government gets involved in business activities
 - Regulation/licensing
 - Training
 - Trade promotions
 - Provision of services
 - Creation of enabling environment
 - Consumer protection
- 4.Features of Life assurance
 - Not indemnifiable
 - Has saving plan
 - Does not require annual renewal
 - Can be designed to beneficiaries
 - Can be used as security for life
 - Cover for life until death for specific period
- 5.Functions of SACCO's
 - They encourage members to save
 - Provide affordable loans
 - Identify investment opportunities for members contribution
 - Acts as a tool in the country domestic development i.e. Government gets taxes from SACCO's
- 6.Social responsibilities
 - Provide safe products to the consumers
 - Provide equal employment opportunities
 - They do environmental conservation
 - They provide such things as education, recreation, transportation, welfare and housing facilities
- 7.Advantages of partnership over proprietorship
 - Partnership can raise more capital
 - Partners share ideas
 - Sharing of losses among the partners
 - Sharing of duties
 - Partners enjoy each others talents
- 8.Reasons for consumer protection
 - Harmful/unsafe products
 - Hoarding/artificial shortages
 - Overcharging of commodities
 - Unsafe business premises
 - Environment pollution
 - Illegal products
 - Underweight goods
 - Misleading adverts
 - Breach of contract
 - Low quality products
 - Unfair repossession about a product
- 9.Circumstances for use of telex
 - Where an urgent message has been sent
 - Where a record of received/delivered message is required
 - Where a firm needs to communicate for 24 hours
 - Where communication is to move from one terminal at the same time
 - Where the message is confidential
 - Where the message can be received when the receiver is away/not in office
10.
 - Endowment policy Whole life policy
 - Sum insured payable after expiry of policy period Sum only payable after death
 - Can act as a saving for insured
 - Can only benefit dependants of the insured
 - Premiums are higher
 - Premiums lower
 - Insured can decide on maturity time
 - Maturity period determined by death
- 11.Disadvantages of public warehouses
 - Charges levied are relatively low
 - Owner pays extra charges
 - Goods auctioned when they overstay
 - The location of the warehouse may not suit the trader
 - Long procedure in documentation
 - Pilferage/loss of goods as owner is not there to supervise
 - Pillage/theft of goods in the warehouse
- 12.Roles played by KBS in the protection of the consumers
 - Set quality standards in the protection of the consumer
 - Ensure that goods are of right quality they stamp and certify as mark of high standard
 - Obtain samples of the goods produced from time to time and testing them
 - To investigate reports from the public on violation of standards for appropriate action
- 13.Elements of transport system
 - The way
 - Limit of carriage
 - Methods of propulsion
 - Terminals
- 14.Reasons for change
 - Legal personality
 - Has access to larger capital
 - Has a pool to a larger pool of professional managers
 - Death of shareholder does not affect company
- 15.Emerging issues
 - Corruption
 - Market liberalization
- B-Privatization
 - Dumping
 - HIV/aids
- 16.Reasons of popularity of mobile phones
 - Personal appeal
 - No physical line exchange
 - Easy to carry
 - Can offer a variety of services (SMS)
 - Variety of network providers to choose from
- 17.Reasons for preference of a private warehouse
 - Enables him/her to exercise some degree of control over its operations
 - Enables special handling, storage and protection of goods
 - Owner may design a warehouse to suit his/her specifications
 - Make major decisions without consulting anyone
 - Owner not tied down by the procedures of issuing/receiving goods
 - Owner does not incur the cost of hiring of space.
- 18.Insurance factors
 - Health of the person
 - Frequency of occurrence of previous losses
 - Extent of previous losses
 - Value of the property to be insured
 - Occupation of the insured
- 19.Reasons for unpopularity of product promotion
 - It is expensive
 - Takes time to prepare and dispatch
 - Some targeted potential customers might not bother to reply
 - Fairly unreliable since mail may never reach the potential customers
- 20.Disadvantages of cartage
 - Causes congestion in markets Places and traffic jams
 - Relatively slow over long distances
 - Exhausts human and animal energy
 - Carries limited goods
- 21.Benefits of liberalized economy
 - Variety of goods for consumers to choose from
 - Expanded market
 - Free flow of capital goods and technology from advanced countries
 - Creation of employment opportunities
- 22.Reasons of popularity of "boda boda"
 - Reaches where vehicles may not
 - Cheaper to hire
 - Cheaper to acquire and maintain
 - Operating costs low
 - Operating at customers convenience
- 23.Circumstances under which personal selling may be used
 - Introducing of new products in the market
 - Re-launching a new product
 - Product tailor made to customer specification
 - Installment product
 - Customers needs to be shown how to use products
 - Limited No of customer
 - Personalized services required
 - Market localized
- 24.Role played by insurance to the economy
 - Creates employment
 - Acts as Government revenue through taxation
 - Invests in real estates
 - Protects industries/organizations against financial losses
- 25.Importance of sales promotion
 - Identify/attract new customers
 - Introducing new products
 - Increasing the total number of users for an established brand
 - Inducing present customer to buy more
 - Educating customers regarding product improvement
 - Bring more customers into retail shops
 - Combating/fighting competition