

C S S C
BUSINESS STUDIES FORM TWO MARKING SCHEME.

Q1.

i	ii	iii	iv	v	vi	vii	viii	ix	x
D	C	B	D	B	A	C	C	A	D

10 Marks

Q2.

i	ii	iii	iv	v
F	C	R	A	G

5 Marks

Q3.

a) 6 marks

Q	TFC	TVC	TC	AFC	AVC	ATC	MC	TR
0	60	—	60	—	—	—	—	0
1	60	30	90	60	30	90	30	100
2	60	80	140	30	40	70	50	200
3	60	150	210	20	50	70	70	300
4	60	240	300	15	60	75	90	400
5	60	350	410	10	70	80	110	500

b)

Given $Q = 200$ units

$$TC = 40Q^2 + 20Q + 60$$

$$TR = 100Q$$

$$\text{Profit/Loss} = TR - TC$$

$$= 100Q - (40Q^2 + 20Q + 60)$$

$$= 100(200) - (40(200)^2 + 20(200) + 60)$$

$$= 20000 - 404060$$

$$= -384060$$

$$\text{Loss is } 384060/- \quad 2 \text{ marks}$$

c)

Solution

$$\text{Profit function} = TR \text{ function} - TC \text{ function}$$

$$= 100Q - (40Q^2 + 20Q + 60)$$

$$= 100Q - 20Q^2 - 20Q - 60$$

$$= 80Q - 20Q^2 - 60$$

$$= -20Q^2 + 80Q - 60$$

$$\text{Normal profit function is } 80Q - 20Q^2 - 60 \text{ or } -20Q^2 + 80Q - 60 \quad 2 \text{ marks}$$

4 (a) Tertiary sector Business Activities
Is the sector of business activities which deals with commerce and direct services. 2 marks

(b) Trade is a business activity which deals with selling and buying of goods and services. WHILE
Commerce is an activity that deals with exchange and distribution of goods and services from point of production to the point of consumption. WHILE
Business is an economic activity engaged in producing and selling of goods and services with the aim of earning profit through satisfying customer needs and wants. 3 marks

- (c) i) Banking
ii) Insurance
iii) Transportation 5 marks
iv) Communication
v) Warehousing
vi) Advertising.

5 (a) Cooperatives are organizations owned and operated by people with common interests or needs. 2 marks

- (b) i) Access to credit and financial services
ii) Bulk purchasing power
iii) Risk sharing
iv) Market and networking access 5 marks
v) Training and capacity building
vi) Legal and political support
vii) Enhanced social capital.

(c) Working Capital = Current Asset - Current Liabilities
where current Asset = 700000 + 500000 = 1300000/-
Current Liabilities = 400000/-
Working Capital = 1300000/- - 400000/-
= 900000/-, 3 marks.

6 a) Controlling
Is the process of checking and measuring the business performance, comparing it with planned goals and taking actions to correct any problems or mistakes. **2 marks**

- b) ☒ I Getting performance standards
☒ II Measuring Actual performance
☒ III Comparing performance with standards
☒ IV Finding the causes of difference **05 marks**
☒ V Taking corrective action
☒ VI Ensuring business goals are achieved.

c)
$$\text{Percentage mark-up} = \frac{\text{Gross profit}}{\text{COGS}} \times 100\%$$

$$\begin{aligned}\text{COGS} &= \text{Opening stock} + \text{Purchases} - \text{closing stock} \\ &= 150000 + 180000 - 120000 \\ &= 210000/\end{aligned}$$

$$\begin{aligned}\text{Gross Profit} &= \text{Sales} - \text{COGS} \\ &= (320000 - 280000) - 210000 \\ &\quad \uparrow \\ &\quad \text{Sales return} \\ &= \$20000\end{aligned}$$

$$\begin{aligned}\text{Percentage mark-up} &= \frac{22000}{210000} \times 100\% \quad \mathbf{02 \text{ marks}} \\ &= 39\% \\ \text{Mark-up} &= 39\%\end{aligned}$$

7. Introduction **2 marks**
 Main body **12 marks @ 2 marks**
 Things to consider

- ☒ i Scalability.
☒ II Integration
☒ III Automation
☒ IV Real-time tracking.
☒ V Customization
☒ VI Cost Efficiency.

Conclusion **1 marks**

8. Theory Details of Entrepreneurs bring new ideas to life by creating new products, improving ways of working or finding better ways to sell goods. It was founded by an Australian Economist and political scientist known as Professor Joseph Schumpeter in 1934. 5 marks.

Strength of the theory.
Innovation embraces five functions).

- I Introduction of new product
- II Introduction of new method of production
- III opening of new market
- IV Conquest of new source of supply of raw materials 5 marks
- V Restructuring organization.

Limitations of the theory.

- I It ignores risk taking and organizing aspects of entrepreneurship.
- II puts much emphasis on innovative functions
- III Neglect the importance of other factors of production 4 marks
- IV Empirical testing is difficult.

Conclusion 1 marks

9. Introduction 2 marks
Main body. 12 marks @ 2 marks
Parson

- I Observing the surroundings
- II Using networking
- III Market research.
- IV Understanding potential needs and wants
- V Studying Competitors.

Conclusion 1 marks