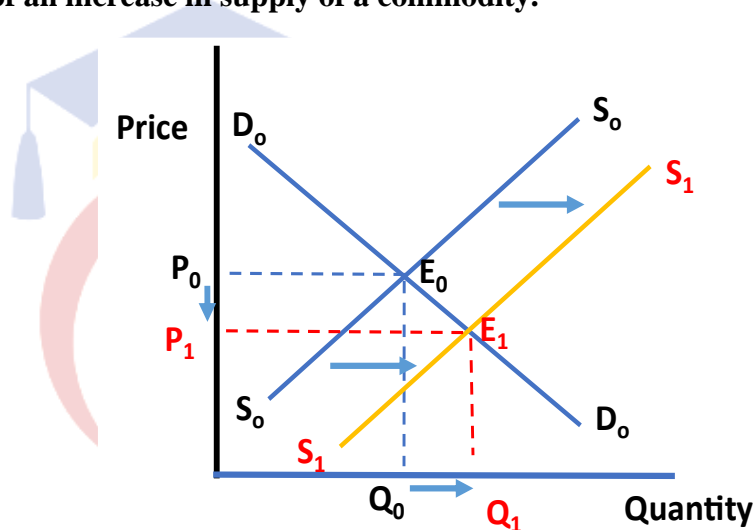


THURDIBUORO BUSINESS STUDIES CONTEST. SECOND EDITION-JUNE 2023 JUNIOR CATEGORY

MARKING SCHEME

1. With the aid of a well labelled diagram, show the new equilibrium quantity and price as a result of an increase in supply of a commodity. (4 marks)



2. Nyati traders insured 80% of its vehicle worth Sh.1,000,000 with two insurance company, Chui and Simba at the ratio of 2:3 respectively. The vehicle was later involved in an accident and Nyati suffered a loss of 20%. Calculate the amount of compensation contributed by each of the insurance companies. (4 marks)

$$\text{Value of Policy} = 80\% \text{ of } 1,000,000 = 800,000$$

$$\text{Loss} = 20\% \text{ of } 1,000,000 = 200,000\checkmark$$

$$\begin{aligned} \text{Compensation} &= \frac{\text{value of policy}}{\text{value of propert}} \times \text{loss} \\ &= \frac{800,000}{1,000,000} \times 200,000 \\ &= 160,000\checkmark \end{aligned}$$

$$\begin{aligned} \text{Chui} &= \frac{2}{5} \times 160,000 \\ &= 64,000\checkmark \end{aligned}$$

$$\begin{aligned} \text{Simba} &= \frac{3}{5} \times 160,000 \\ &= 96,000\checkmark \end{aligned}$$

3. **State four activities carried out in a stock exchange market.** (4 marks)

- i. Buying of shares
- ii. Selling of shares
- iii. Mobilizing savings for investment
- iv. Listing of companies
- v. Delisting of companies
- vi. Issuing of new securities / raising capital
- vii. Publication of statistical information
- viii. Fixing prices of securities
- ix. Monitoring performance of quoted companies
- x. Availing variety of securities
- xi. Transfer of securities

4. **State four features of a market.** (4 marks)

- i. Availability of buyers
- ii. Availability of goods / services / products
- iii. A platform for conducting transactions / area/ situation of interaction
- iv. Availability of sellers
- v. Availability of medium of exchange
- vi. Freedom to buy and sell

5. **State two features of insurable interest.** (2 marks)

- i. Potential insurable risk must be present
- ii. The property must have monetary value
- iii. Insurable interest must be legal
- iv. There must possibility of suffering financial loss in case of a risk happening
- v. Presence of property rights / interest
- vi. It affects both life and property

6. **The statements in the table below refers to mailing services used in communication. Use the information to identify the mailing services described.** (4 marks)

	Statement	Mailing services
(a)	Used to send correspondences and parcels to a destination in the shortest time possible.	Expedited mail services
(b)	Used by travellers who may wish to receive correspondences while away from their post office.	Poste restante
(c)	Used to send articles of value for which security handling is required.	Registered mail
(d)	Used by firms that intend to encourage their customers to reply to their letter promptly.	Business reply services

7. **List four documents in home trade that are used at the delivery stage.** (4 marks)

- i. Delivery note
- ii. Packaging note
- iii. Dispatch / advice note
- iv. Consignment note
- v. Goods received note
- vi. Invoice

8. List **four** types of utility and production activities associated with each of them. **(4 marks)**

	Utility	Production activity
(a)	Place	Transportation / distribution
(b)	Time	Warehousing / storage
(c)	Form	Manufacturing / processing
(d)	Possessive	Trading

9. **Outline four benefits to a business that uses its own warehouse.** **(4 marks)**

- i. The business maintains a continuous supply of goods
- ii. Customers are retained as they are sure of getting the goods on demand
- iii. Goods are safe from theft
- iv. Savings increases for not renting storage facilities
- v. Goods can be processed in the warehouse
- vi. Goods can be tailored to meet one's specifications
- vii. Can be conveniently located
- viii. More secure from damage
- ix. Space is guaranteed

10. **Outline the procedure an insured must take when making an insurance claim.** **(5 marks)**

- i. Notifying / reporting to the insurer of the loss suffered / occurrence of risk.
- ii. Filling a claim form from the insurer
- iii. Carrying out investigations to determine the cause of loss
- iv. Insurance company making a report / finding / assessment/ cause of loss
- v. Payment of the claim / compensation

11. **State three ways through which leakages of national income may happen in an economy.** **(3 marks)**

- i. Through savings
- ii. By paying for imports
- iii. Through taxation

12. **Highlight four roles played by a broker in the chain of distribution.** **(4 marks)**

- i. Linking the buyer and seller
- ii. Bargaining for the principal
- iii. Passing information between the principal and client
- iv. Facilitating access to a variety of goods and services to a buyer
- v. Providing an avenue for the seller to access many buyers
- vi. Giving advice to buyers and sellers

13. **State four reasons that makes it necessary for a firm to maintain a healthy environment.** **(4 marks)**

- i. To protect /safeguard human health / health of employees
- ii. To maintain ecological balance
- iii. To conserve natural resources / raw materials
- iv. For sustainable economic development
- v. For environmental conservation
- vi. To comply with the set laws e.g. NEMA
- vii. As part of social corporate responsibility
- viii. To enhance corporate image