MARKING SCHEME

BUSINESS STUDIES – GRADE 10

SECTION A: (30 MARKS)

QUESTION 1 (5 MARKS)

(a) Security features:

- Watermark
- Security thread / hologram / raised print (any 2 × 1 = 2 marks)

(b) Importance of money:

- Medium of exchange / facilitates trade / measure of value (any 1 × 1 = 1 mark)

(c) Currency:

- Legal tender used in a country for buying and selling goods and services (1 mark)

(d) Ethical practice:

- Not counterfeiting money / honesty in transactions / not defacing currency (any 1 × 1 = 1 mark)

QUESTION 2 (5 MARKS)

(a) SMART characteristics:

- Specific (increase sales by 20%)
- Time-bound (3 months) (2 × 1 = 2 marks)

(b) Importance of goal setting:

- Provides direction / improves performance / enhances planning (any 1 × 1 = 1 mark)

(c) Factors considered:

- Resources available
- Market demand
- Skills/ability of business owners (any 2 × 1 = 2 marks)

QUESTION 3 (5 MARKS)

(a) Types of accounts:

- Savings account
- Current account (2 × 1 = 2 marks)

(b) Importance of banking:

- Safe keeping of money / facilitates loans / encourages savings (2 × 1 = 2 marks)

(c) Banking trend in Kenya:

- Mobile banking / agency banking / internet banking (1 × 1 = 1 mark)

QUESTION 4 (5 MARKS)

(a) Classification:

- Primary activity (transport/trading)
- Secondary activity (manufacturing) (2 × 1 = 2 marks)

(b) Opportunity cost:

- The value of the next best alternative foregone (1 mark)

(c) Factors influencing business environment:

- Government policies
- Competition
- Technology (any 2 × 1 = 2 marks)

QUESTION 5 (5 MARKS)

(a) Factors of production:

- Labour
- Capital
- Land (3 × 1 = 3 marks)

(b) Distinction:

- Division of labour: splitting work into tasks
- Specialization: focus on one task or skill (2 marks)

QUESTION 6 (5 MARKS)

(a) Remedies:

- Replacement of goods
- Refund
- Repair (any 2 × 1 = 2 marks)

(b) Importance of customer satisfaction:

- Builds loyalty / increases sales / improves reputation (2 marks)

(c) Consumer protection:

- Measures to safeguard consumers against unfair trade practices (1 mark)

SECTION B: (50 MARKS)

QUESTION 7 (10 MARKS)

(a) Advantages of cooperative society:

- Pooling resources increases capital

- Equal profit sharing
- Easy access to loans
- Democratic management
- Encourages saving (any 3 × 2 = 6 marks)

(b) Distinction:

- Sole proprietorship: owned by one person
- Partnership: owned by two or more people
- Sole bears all profits/losses alone, partnership shares (4 marks)

QUESTION 8 (10 MARKS)

(a) Entrepreneurial skills:

- Creativity
- Risk taking
- Decision making
- Leadership
- Communication (5 × 1 = 5 marks)

(b) Sources of business ideas:

- Market gaps
- Personal experience
- Media/internet (any 3 × 1 = 3 marks)

(c) Benefits of incubation:

- Business support services
- Training and mentorship (2 × 1 = 2 marks)

QUESTION 9 (10 MARKS)

(a) Total cost:
5000 + 3000 + 1000 = **Ksh 9,000** (2 marks)

(b) Fixed vs variable costs:

- Fixed costs: constant regardless of output
- Variable costs: change with output (4 marks)

(c) Roles of producer:

- Produces goods/services
- Employs labour
- Creates employment
- Supplies goods to consumers (any 2 × 2 = 4 marks)

QUESTION 10 (10 MARKS)

(a) Source documents:

- Invoice
- Receipt
- Debit note

- Credit note
- Cheque (any 4 × 1 = 4 marks)

(b) Importance of books of original entry:

- Provide evidence of transactions
- Help in recording daily transactions
- Basis for financial statements
- Prevent fraud/errors (any 3 × 2 = 6 marks)

QUESTION 11 (10 MARKS)

(a) Importance of taxation:

- Source of government revenue
- Funding public services
- Promotes economic development
- Redistributes income (any 3 × 2 = 6 marks)

(b) Ethical issues:

- Tax evasion
- Corruption / bribery (2 × 1 = 2 marks)

(c) Customs duties:

- Import duty
- Export duty (2 × 1 = 2 marks)

QUESTION 12 (10 MARKS)

(a) Benefits of international trade:

- Earn foreign exchange
- Availability of goods
- Encourages specialization
- Promotes economic growth
- Market expansion (any 4 × 2 = 8 marks)

(b) Limitations:

- Trade restrictions
- Dependence on other countries (2 × 1 = 2 marks)

QUESTION 13 (10 MARKS)

(a) Features of product label:

- Product name
- Expiry date
- Manufacturer details
- Brand/logo (4 × 1 = 4 marks)

(b) Importance of labeling:

- Identifies product
- Provides information
- Attracts customers
- Ensures safety (any 2 × 2 = 4 marks)

(c) Safety measures:

- Use protective gear
- Proper handling of machines (2 × 1 = 2 marks)