

## **MARKING SCHEME**

### **BUSINESS STUDIES – GRADE 10**

#### **SECTION A: (30 MARKS)**

##### **QUESTION 1 (5 MARKS)**

###### **(a) Security features:**

- Watermark
- Security thread / hologram / raised print (any  $2 \times 1 = 2$  marks)

###### **(b) Importance of money:**

- Medium of exchange / facilitates trade / measure of value (any  $1 \times 1 = 1$  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  $1 \times 1 = 1$  mark)

##### **QUESTION 2 (5 MARKS)**

###### **(a) SMART characteristics:**

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

###### **(b) Importance of goal setting:**

- Provides direction / improves performance / enhances planning (any  $1 \times 1 = 1$  mark)

###### **(c) Factors considered:**

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

##### **QUESTION 3 (5 MARKS)**

###### **(a) Types of accounts:**

- Savings account
- Current account ( $2 \times 1 = 2$  marks)

###### **(b) Importance of banking:**

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

###### **(c) Banking trend in Kenya:**

- Mobile banking / agency banking / internet banking ( $1 \times 1 = 1$  mark)

#### **QUESTION 4 (5 MARKS)**

##### **(a) Classification:**

- Primary activity (transport/trading)
- Secondary activity (manufacturing) ( $2 \times 1 = 2$  marks)

##### **(b) Opportunity cost:**

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

##### **(c) Factors influencing business environment:**

- Government policies
- Competition
- Technology (any  $2 \times 1 = 2$  marks)

#### **QUESTION 5 (5 MARKS)**

##### **(a) Factors of production:**

- Labour
- Capital
- Land ( $3 \times 1 = 3$  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  $2 \times 1 = 2$  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  $3 \times 2 = 6$  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 ( $5 \times 1 = 5$  marks)

**(b) Sources of business ideas:**

- Market gaps
- Personal experience
- Media/internet (any  $3 \times 1 = 3$  marks)

**(c) Benefits of incubation:**

- Business support services
- Training and mentorship ( $2 \times 1 = 2$  marks)

**QUESTION 9 (10 MARKS)**

**(a) Total cost:**

$5000 + 3000 + 1000 = \text{Ksh } 9,000$  (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  $2 \times 2 = 4$  marks)

**QUESTION 10 (10 MARKS)**

**(a) Source documents:**

- Invoice
- Receipt
- Debit note

- Credit note
- Cheque (any  $4 \times 1 = 4$  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  $3 \times 2 = 6$  marks)

**QUESTION 11 (10 MARKS)**

**(a) Importance of taxation:**

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

**(b) Ethical issues:**

- Tax evasion
- Corruption / bribery ( $2 \times 1 = 2$  marks)

**(c) Customs duties:**

- Import duty
- Export duty ( $2 \times 1 = 2$  marks)

**QUESTION 12 (10 MARKS)**

**(a) Benefits of international trade:**

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

**(b) Limitations:**

- Trade restrictions
- Dependence on other countries ( $2 \times 1 = 2$  marks)

**QUESTION 13 (10 MARKS)**

**(a) Features of product label:**

- Product name
- Expiry date
- Manufacturer details
- Brand/logo ( $4 \times 1 = 4$  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)