

# BUSINESS STUDIES –FORM 2 CAT

## MARKING SCHEME

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1.State the two classifications of trade(1mk)

**a)Home trade**

**b)Foreign trade**

2.List four features of supermarkets (4 mks)

**i)Offer- service facilities**

**ii)Prices of goods are fixed**

**iii)Sell at comparatively low prices**

**iv)Don't offer credit facilities (1×4, Any other relevant answer**

3.What is the difference between open cheque and crossed cheque (4mks)

**An open cheque is the one that can be cashed over the counter while a crossed cheque is the one that can only be deposited in the payee's bank account,thereby increasing the amount of money therein.**

4. State four sources of capital for a sole proprietorship form of business

**i)Leasing and renting out property**

**ii)Inheritance**

**iii)Donations from friends and relatives**

**iv)Credit buying (1×4, Any other relevant answer)**

5.Give the 2 types of partners according to the role they play (2 mks)

**i)Active**

**ii)Dormant**

6.Differentiate between general and limited partners (2 mks)

**General partners have unlimited liability while limited partners have limited liability**

7. Define a co-operative society (1mk)

**A group of people who come together mainly to provide convenient and efficient services to its members**

8. Explain two principles of co-operatives

**i) Voluntary and open membership - Membership is open and voluntary to any person who has attained 18 years of age. No one should be denied membership due to social, tribal, political or religious differences.**

**He/she is also free to leave the society at will**

**ii) Co-operation with other co-operatives - Co-operatives must learn from each others' experience since they have a lot in common in the local, national and international levels. (2×2, Any other relevant answer explained)**

9. State four advantages of SACCOS

**i) Enables members to save**

**ii) Members can obtain loans at low interest rates**

**iii) May offer banking facilities through their front office services**

**iv) Offer education to members (1×4, Any other relevant answer )**

10. Differentiate between redeemable and irredeemable debentures (4mks)

**Redeemable debentures are those that can be bought back by the company within a specified future period while irredeemable debentures are those that can only be redeemed when the company is being dissolved, otherwise, they can't be redeemed.**