



Annual Examinations for Secondary Schools 2014

FORM 4

BUSINESS STUDIES

MARKING SCHEME

The aim of this Marking Scheme is to ensure a greater degree of objectivity in marking the exam papers. However, when different answers are given from those listed below, it is at the discretion of the teacher as to whether the marks should be allotted or not.

SECTION A

20 marks in total – 2 marks for each correct answer.

1 (b); 2 (a); 3 (a); 4 (c); 5 (a); 6 (b); 7 (c); 8 (b); 9 (c); 10 (c).

(10 x 2 marks)

SECTION B

20 marks in total – 2 marks each correct answer.

1. **Barter** is the exchange of goods (and services) for other goods (and services) without involving money. *(2 marks)*

2. *Any two of the following:*
Double coincidence of wants, durability, divisibility, standard (consistency), long price lists, difficult to exchange services, portability. *(2 × 1 mark)*

3. *Any four of the following:*
Universally accepted, durable, divisible, standard, portable, scarce. *(4 × 1 mark)*

4. Means (medium) of exchange, measure of value, store of value, means of making deferred payments. *(4 × 1 mark)*

5.
 - Means (medium) of exchange – Money is used so that we can pay for the goods and services that we buy. *(2 marks)*
 - Measure of value – We measure the value of everything in terms of monetary value. *(2 marks)*
 - Store of value – We save the money that we do not need to use now to use them at a later date. *(2 marks)*
 - Means of making deferred payments – We can postpone the payment for goods and services since the value of money remains constant. *(2 marks)*

SECTION C
60 marks in total.

Question 1

- (a) A **merger** is when two or more firms join together (amalgamate) into one business. (2 marks)
- (b) Horizontal merger (integration). (2 marks)
- (c) *Any one of the following:*
Economies of scale; rationalisation; greater market share; greater market power; spread of risks; less competition; diversification. (2 marks)
- (d) Vertical merger (integration). **Accept also** Forward vertical merger. (2 marks)
- (e) *Any one of the following:*
To ascertain outlets for own products; to restrict outlets for competitive products (competitors); to spread risks by selling goods not produced by itself; to reach new markets (new areas). (2 marks)
- (f) *Any one of the following:*
Increasing production; extending the range of products; increasing the number of workers; increasing sales. (2 marks)
- (g) *Any two of the following:*
Small size of the market; co-operation with other firms; technical factors; government assistance. (2 × 2 marks)
- (h) The case when average costs (unit cost) fall as output (production) increases. (2 marks)
- (i) The case when average costs (unit cost) rise as output (production) increases. (2 marks)

Question 2

- (a) **International trade** is the trade of goods (and services) between different countries. (2 marks)
- (b) **Importation** is when the country buys goods and services from other countries. (2 marks)
Exportation is when the country sells goods and services to other countries. (2 marks)
- (c) *Any three of the following:*
Lack of natural resources;
Climate;
Lack of capital;
Lack of skills and knowledge;
Cheaper imports than local output;
Size of the country. (3 × 2 marks)

- (d) *Any two of the following:*
Tariffs – taxes imposed on imports to protect home producers to restrict demand and to raise revenue for the government.
Quotas – maximum limits on quantities imported.
Ban (Embargo) – the prohibition of importation of certain goods or from certain countries.
Exchange Control – restriction on the amount of money that can be sent out of the country. (2 × 4 marks: 2 marks for the item and 2 marks for the explanation)
Exchange rates – change in the exchange rate will have effect on the price of imported goods.
Subsidies – financial aid to local firms to make them more competitive in the local and foreign markets.

Question 3

- (a) **Advertising** is the use of one or a range of media to communicate with the public. (2 marks)
- (b) *Any one of the following:*
 Different types of markets or customers can be targeted.
 It may result in increased sales.
 It may result in increased demand, thus economies of scale.
 The products are made known to the public.
 The firm may be made known to the public.
 Advertising finances many publications.
 Advertising may embellish the environment.
Or any other answer deemed suitable. (2 marks)
- (c) *Any one of the following:*
 It may stimulate socially undesirable habits.
 It may tempt people to buy things they do not need.
 It may tempt people to buy things they do not afford.
 It increases costs which could result in higher prices.
 Resources could be used better and more profitably in other ways.
Or any other answer deemed suitable. (2 marks)
- (d) **Informative advertising** is that type of advertising which lets people know about a product. (2 marks)
- (e) **Persuasive advertising** is that type of advertising designed to persuade the public to buy a particular product. (2 marks)
- (f) (i) **Hidden persuaders** are elements in an advert which try to persuade people to buy the product. (2 marks)
 (ii) *Any three of the following:*
 Personality appeal, social acceptability, health, work simplification, ambition, sex appeal, *or any other suitable answer.* (3 × 2 marks)
- (g) *Any one of the following:*
 Packaging gives products an identity.
 Products can be made to look attractive.
 Information may be given on packaging.
 The brand name and name of the company may be written on packaging.
Or any other answer deemed suitable. (2 marks)