***MARKING SCHEME***

***Business Studies***

***Form two***

1. State four clauses found in the memorandum of association.(4mks)
* *Name clause*
* *Objects clause*
* *Liability clause*
* *Capital clause*
* *Declaration clause*
1. ***Give four reasons why the government may find it necessary to start a public corporation. 4mks***
* *To provide essential services*
* *To generate revenue for their operations*
* *To create employment*
* *To invest in ventures that require large capital outlay*
* *Toinvestinventuresthatareunattractivetoprivatesectorsduetolowprofit*
* *To redistribute wealth*
1. ***Highlight four reasons to account for the rapid growth in membership in the savings and credit co-operative societies in Kenya***
* *Easy to save with them due to check off system*
* *Easy to get loans/few procedures*
* *Charges low interest rates on their loans*
* *Provides different types of loans e.g emergency,refinancing,normal*
* *Loans do not require securities*
* *Improve standards of living through dividends*
1. ***Outline four benefits of privatization to Kenya’s economy***
* *Reduce government expenditure*
* *Leads to efficiency in management*
* *Attracts foreign investors*
* *Promotes invention and innovation*
* *Reduces political interference in the economy*
* *Helps the government to raise revenue*
* *Leads to production of high quality goods and services*
* *Leads to production of a variety of goods and services.*
1. ***Outline the roles of stock exchange marketing the development of the Kenyan economy***
* *Facilitates the buying of shares*
* *Facilitates the selling of shares*
* *Safeguards the investors interests*
* *Provides useful information to investors*
* *Helps to create employment for example brokers*
* *The government gets revenue in form of taxes*
* *Avails a variety of securities/share to investors*
* *Promotes culture of saving*
* *Acts as an indicator of economic performance of the country*
1. ***State four features of public corporations***

*Established by an act of parliament*

*Owned and run by the government*

*Is a separate entity from their owner*

*Have limited liability*

*Formed to provide essential goods and services*

*Initial capital provided by the government*

1. ***Outline four characteristics of preference shares***
* *Have a fixed rate of dividends*
* *Holders are paid dividends before ordinary shareholders*
* *Have no voting rights*
* *Can be redeemable or irredeemable*
* *Can be cumulative or non-cumulative*
1. ***List four types of partners.(4mks)***
	* Quasi/norminal partner
	* General
	* Limited partner
	* Minor partner
	* Major partner
	* Real partner
2. ***Outline four principles of cooperatives***
* *Open and voluntary membership*
* *Democratic administration*
* *Dividend payment*
* *Limited interest on share capital*
* *Promotion of co-operative education to members*
* *Co-operation with other co-operatives at all levels*
1. ***Namefourdocumentsrequiredfortheregistrationofalimitedliabilitycompany***
* *Memorandum of association*
* *Articles of association*
* *List of directors who agrees to serve as directors*
* *Statement of share capital*
* *Declaration that registration requirements have been complied with*

1. State four sources of capital for sole proprietorship. (4mks)
* Personal saving
* Inheritance
* Borrowing
* Donations
* Credit buying
* Ploughing back profit
* Leasing and renting property
1. State four possible reasons for dissolution of a sole proprietorship. (4mks)
* Completion of the intended purpose
* Court order
* Bankruptcy/insanity or death of the proprietor
* Proprietor’s decision to do so