**BUSINESS FORM 1, MID TERM 3 YEAR 2022 MARKING SCHEME**

1. **Tick to indicate the type of mobility the following factors of production take. (4mks)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Geographical** | **occupation** | **Vertical**  | **Horizontal** |
| **Labour** |  |  |  |  |
| **land** |  |  |  |  |

1. **State four functions of an office. (4mks)**
2. *Reproduction of document.*
3. *Center of communication (receiving, recording and distribution of information)*
4. *Filling of documents.*
5. *Administrative work*
6. *Maintaining accounting records.*
7. *Safeguarding and controlling of organizations property.*
8. **Outline two differences between an credit invoice and a proforma invoice. (2mks)**

|  |  |
| --- | --- |
| **Credit invoice**  | **Proforma invoice**  |
| *Issued when goods are sold on credit.* | *Issued when one does not want to sell on credit.* |
| *Is a source document for credit sales* | *Not a sales document as sales have not been made* |
| *Requests payment for goods already supplied* | *Polite request for payment prior supply of goods.* |

1. **Highlight two distinguishing features between a bill of exchange and promissory note. (2mks)**

|  |  |
| --- | --- |
| **Bill of exchange**  | **Promissory note**  |
| *Must be signed by both the drawer and drawee* | *Signed only by the drawer* |
| *Must have a revenue stamp* | *Does not have revenue stamp* |
| *Is an order to pay* | *It’s a promise to pay.* |
| *Prepared by seller* | *Prepared by buyer* |

1. **State the following source originators. (4mks)**

|  |  |
| --- | --- |
| **Document** | **Sources** |
| 1. **I. O.U**
 | *Buyer/debtor/ customer* |
| 1. **Promissory note**
 | *Buyer/debtor/customer* |
| 1. **Credit note**
 | *Seller/creditor/supplier* |
| 1. **Bill of exchange**
 | *Seller/creditor/supplier* |
| 1. **Catalogue**
 | *Seller/ supplier / creditor* |

1. **Assuming you start a home business dealing with cakes highlight four reasons that would make you use e – commerce. (4mks)**
2. *Speed /quick way of doing business saving time.*
3. *No discrimination from large businesses.*
4. *Facilities access to a wide market.*
5. *Reduces paper work making transactions less cumbersome.*
6. *Saves on the cost of sending, receiving and storing information.*
7. *One can access information to enhance running of business*.
8. **State four source of business ideas. (4mks)**
9. *Newspaper/ magazines/ periodicals*
10. *Shows and exhibitions.*
11. *Hobbies*
12. *Survey*
13. *Listening to what people say.*
14. **State four ways to increase utility. (4mks)**
15. *Transportation*
16. *Storage*
17. *Trading*
18. *processing*
19. **State two characteristics of land as a factor of production. (2mks)**
* *It is a basic factor*
* *Fixed supply*
* *Geographically immobile*
* *Quality is not homogeneous*
* *Natural resources.*
* *Subject to the law of diminishing returns*.
1. **State any four means of payments. (4mks)**
* *Cash*
* *Cheque*
* *Bill of exchange*
* *Money order*
* *Promissory note*
* *Postal orders*
* *Premium bounds*
* *Postage stamp*

**11.Define the following terms (4mks)**

**a)Commerce**

*-study of trade and aids to tard*

**b)Accounting**

*systematic way of recording business transactions in monetary terms in a set of records and the use of such records*

**c)Economics**

*study of how human beings strive to satisfy their unlimited wants using the limited resources*

**d)Office practice**

*study of activities that take place in an office*

12.State four types of business activities (4mks)

*-production*

*-distribution*

*-construction*

*-mining*

13.Highlight four micro- environment that can make a firm to fail (4mks)

*-business culture*

*-business structure*

*-resources*

*-owners*

14.State the factors that limit the number of entrepreneur in an area (4mks)

*-unfavorable government policy*

*-inavailability of capital*

*-lack of market*

*-poor infrastructure*

*-lack of raw materials*

15.Classify the following as either renewable or non-renewable resources (4mks)

|  |  |
| --- | --- |
| Sunshine  | *renewable* |
| Building stones | *non-renewable* |
| Furniture  | *non-renewable* |
| Crude oil | *non-renewable* |

16.Classify the following goods as either consumer or producer goods (4mks)

|  |  |
| --- | --- |
| Matatu  | *producer* |
| Factory  | *producer* |
| Shoes  | *consumer* |
| Machines  | *producer* |

17.Give four circumstances under which business organization may decide to dispose off an office machine (4mks)

*-where machine has become obsolete*

*-where hiring is cheaper than maintaining one*

*-where the business want to buy a new one and replace the old one*

*-where spare parts, source of power, skills are nolonger available*

18.Classify each of the following as either office etiquette or personal attribute. (4mks)

|  |  |
| --- | --- |
| Physical appearance | *personal attribute* |
| Hygiene  | *personal attribute* |
| Honesty  | *office etiquette*  |
| Punctuality  | *office etiquette*  |

19.Outline four features of a supermarket (4mks)

*-goods have price tags*

*-prices are fixed*

*-do not offer credit*

*-goods are well displayed in shelves*

*-stock a variety of products*

20.Highlight three benefits of using electronic filing system (3mks)

*-compact*

*-flexible*

*-simple to operate*

*-economical*

21.State three characteristics of direct production (3mks)

*-low quality goods*

*-leads to individualism*

*-hinders specialization*

***SECTION B***

22.Explain any five characteristics of an entrepreneur (10mks)

*-desire to achieve*

*-self confident*

*-readiness to take risk*

*-hard working*

*-independent*

*-time conscious*

23.Highlight five differences between open plan office lay out and enclosed office lay out(10mks)

|  |  |
| --- | --- |
| **Open plan**  | **Enclosed** |
| A large room where many employees work from | Small cubicles occupied by one or two staff |
| No privacy for confidential discussion | Provides privacy for private discussion |
| Low construction and maintenance costs because only a few partitions are required.  | High construction and maintenance costs because many partitions are required. |
| Close supervision of workers discourages absenteeism | Lack of close supervision of workers encourages absenteeism |
| Does not give prestige to officers | Gives prestige to officers |

24.State the reward for this factors of production (4mks)

a) Land *-rent*

b)Labour *-wage / salary*

c)Capital *-interest*

d)Enterpreneurship *-profit*

25.State five benefits of *trade* to a country (5mks)

*-citizens are able to buy goods and services they do not produce*

*-creates employment*

*-earns the government revenue*

*-goods of high quality are produced due to specialization*

*-brings national unity as different people trade with each other*

*-encourages development of infrustructure*