**BUSINESS STUDIES FORM ONE**

**END OF TERM 2 EXAMINATION**

**MARKING SCHEME**

**1.** Outline four types of economic resources (4 marks)

- Natural resources - Renewable resources

- Human resources - Non-renewable resources

**2.** State the terms given to the descriptions below

|  |  |  |
| --- | --- | --- |
|  | **Description** | **Term** |
| A | Study of how human beings strive to satisfy their unlimited wants using limited resources | Economics |
| B | Activities that are carried out in and around production , distribution and consumption of goods and services | Business |
| C | Increasing the usefulness of goods and services | Production |
| D | Systematic way of recording business activities which are used for decision making | Accounting |

**3.** Outline four ways in which documents can be reproduced (4 marks)

(a)Printing

(b)Carbon copying

(c)Photocopying

(d)Duplicating

**4.** Indicate with a tick in the spaces provided below as to whether each of the resources as renewable or non-renewable (4 marks)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Resource | Renewable | Non-renewable |
| A | Solar energy | **Renewable** |  |
| B | Oil |  | **Non-renewable** |
| C | Water | **Renewable** |  |
| D | Soda ash |  | **Non-renewable** |

**5.** Outline four gaps in the market that may give rise to a business opportunity (4 marks)

(a)Unavailability of products

(b)Poor quality products

(c)Insufficient quantities

(d)Unaffordable prices

(e)Poor services

**6.** Name two occupations that relate to each of the following activities (4 marks)

(a)Extraction .Obtaining goods from their natural setting e.g. mining, farming, lumbering and fishing

(b)Processing .Changing the form of a good without combining it with other goods e.g. refining crude oil

**7.** Outline four importances of business studies to a learner (4 marks)  
(a)Equips one with skills and knowledge to start and run a business  
(b)Enables one to appreciate the role of business in promotion of goods and services  
(c)Enables one to appreciate the role of government in business activities   
(d)Equips one with knowledge and skills to help in evaluation of business performance  
(e)One would get a foundation for further education  
(f)One acquires self discipline and positive attitude towards work

**8.** Given below are functions of office equipment. Identify the name of the equipment against the rightful use

|  |  |  |
| --- | --- | --- |
|  | Functions of the machine | Office equipment |
| A | Used in posting information to ledgers and preparing payroll | Accounting machine |
| B | To transmit printed messages such as photographs , letters and maps | A fax machine |
| C | Usually fireproofs where important documents in an organization are stored | A safe vault |
| D | Used to carry out many functions such as storing information , typing and performing complex calculation | A computer |

**9.** Outline four reasons that make it difficult to satisfy human wants (4 marks)

(a)Human wants are unlimited

(b)Resources to satisfy human wants are scarce

(c)Some human wants are recurrent

(d)Wants change according to age, season, social status etc

(e)Consumers have to make tough choice in the course of satisfying wants

**10.** Classification of competition

|  |  |  |
| --- | --- | --- |
|  | Description | Generic/Enterprise |
| A | A coffee seller competing with a tea seller | Generic |
| B | Kenya Literature Bureau competing with Longhorn publishers in book selling | Enterprise |
| C | Alliance girls competing with Starehe girls in academic excellence | Enterprise |
| D | Imported shoe company competing with Local shoe manufacturing company | Generic |

**11.** Classify the following forms of production primary, secondary or tertiary (4 marks)

|  |  |  |
| --- | --- | --- |
|  | Form of production | Classification |
| A | Retailing | Tertiary |
| B | Farming | Primary |
| C | Transportation | Tertiary |
| D | House building | Secondary |

**12.** State the terms represented by:

|  |  |  |
| --- | --- | --- |
|  | Description | Term |
| A | This is the value of the best next alternative foregone when acquiring something | Opportunity cost |
| B | This means limited or not adequate in supply | Scarcity |
| C | Selecting that human wants to satisfy first based on the scale of preference | Choice |
| D | Use of a good or service to satisfy human wants | Consumption |

**13.** Outline four features of labour as a factor of production (4 marks)

(a)It cannot be stored  
(b)It is a basic factor of production  
(c)Cannot be separated from the laborer  
(d)Can be improved through training and experience  
(e)Labourer sells labour not himself  
(f)Labour is mobile

**14.** State four qualities of a good office messenger (4 marks)

(a)Should be polite

(b) Should be honest

(c) Should be an eloquent

(d) Should be loyal

(e) Should be punctual

(f) Should be respectful

(g) Should be accurate

(h) Should be diplomatic

**15.** Highlight four characteristics of secondary wants (4 marks)

(i)One can survive without them

(ii)They are satisfied after basic wants

(iii)They make a person’s life more comfortable

(iv)They are competitive

**16.** Highlight four advantages of indirect production (4 marks)

(a)Access to enough quantity due to surplus production  
(b)Improved standards of living  
(c)Availability of employment opportunities  
(d)High quality goods produces  
(e)Society enjoys improved infrastructure  
(f)There is specialization

**17.** State whether each of the following activities would satisfy basic or secondary wants

|  |  |  |
| --- | --- | --- |
|  | Activity | Basic or secondary |
| A | Buying clothes for the family | Basic |
| B | Transporting farm produce | Secondary |
| C | Providing food for children | Basic |
| D | Entertaining a guest | Secondary |

**18.** State the reward of each of the following factors of production

|  |  |  |
| --- | --- | --- |
|  | Factor of production | Reward |
| A | Engineer | Wages or salaries |
| B | Soil | Rent |
| C | Business person | Profit/loss |
| D | Plough | Interest |

**19.** Outline four factors that may lead to the success of business (4 marks)

(a)Presence of good infrastructure

(b)Proper allocation of resources

(c)Relevant entrepreneur skills

(d)Use of modern technology

(e)Availability of market

(f)Availability of capital

(g)Good customer relations

(h)Favorable government policies

(i)Proper time management

**20.** Outline four functions of an entrepreneur (4 marks)

(a) Starts the business  
(b)Controlling the business  
(c)Makes decisions for the business  
(d)Bears all business risks  
(e)Enjoys all the profit of the business  
(f)Paying for all expenses  
(g)Rewarding or paying other factors of production

**21.** Explain five types of business activities (10 marks)

(a)Extraction .Obtaining goods from their natural setting e.g mining ,farming ,lumbering and fishing

(b)Processing .Changing the form of a good without combining it with other goods e.g. refining crude oil

(c)Manufacturing. Combining different raw to materials to come up with one final product e.g. baking a bread

(d)Distribution. Moving goods from where they are produced to where they are needed

(e)Construction. Building of structures such as roads, bridges and houses

(f)Trade, buying and selling of goods with a view o making a profit.

(g)Provision of services e.g. car washer, travel agency and insurance companies

**22.** Explain five problems that may be experienced by a new entrepreneur who is intending to start a business in Kenya (10 marks)

(a)Inadequate capital funds to sustain / expand / operate  
(b)Inadequate skills / poor management  
(c)Unfriendly / poor government policy eg high taxes which are unfavorable to the growth and expansion of the business   
(d)Poor infrastructure / poor roads which will hinder access to the market / inputs  
(e)Inappropriate technology resulting in less quantity / poor quality products  
(f)Inadequate manpower to run the business effectively  
(g)Poor pricing which will make the product to be too expensive or too cheap  
(h)Inadequate market to sell goods