

BUSINESS STUDIES FORM 1 MARKING SCHEME TERM 3 2023

1. List **FOUR** disciplines studied in business studies. (4mks)

- Economics
- Commerce
- Accounting
- Office practice
- Entrepreneurship

2. State the type of utility created by each of the following activities (4mks)

ACTIVITY	LEVEL OF PRODUCTION
a) Keeping money in the bank	Time utility
b) Baking a loaf of bread	Form utility
c) Importing vehicles from Japan	Place utility
d) Selling medicine to patient	Possession utility

3. List **FOUR** characteristics of free goods. (4mks)

- They are gifts of nature
- they are plenty in supply/abundant
- they are priceless/have no money value
- they have utility

4. State **FOUR** types of business activities (4mks)

- | | |
|---|--|
| <ul style="list-style-type: none"> • Manufacturing • processing of raw materials • Extraction • Construction • provision of services | <ul style="list-style-type: none"> • trade • Distribution of goods |
|---|--|

5. Outline **FOUR** documents used in home trade (4mks)

- | | |
|---|---|
| <ul style="list-style-type: none"> • Credit note • Debit note • statement of account | <ul style="list-style-type: none"> • receipts • letter of inquiry |
|---|---|

- quotation
- price list
- order
- delivery note
- invoice
- pro-forma invoice

6. Mr. Muiga wants to start a business. State **FOUR** reasons he would start one (4mks)

- to earn profit
- To provide goods and services
- to create employment
- to be own boss
- as an outlet for new innovation
- to utilize spare time
- to utilize available resources

7. State **FOUR** equipment that facilitate mailing in an office (4mks)

- folding machine
- franking machine
- addressing machine
- sorting machine
- letter opener
- composite

8. Highlight **FOUR** advantages of automatic vending machines (4mks)

- Commodities can be brought anytime because no attendant is required
- They save the owner the cost of employing a shop attendant
- They can be put strategically to boost sales e.g institution
- They are not affected by weather changes
- Provide good in cash basis protecting the owner from burden of bad debts
- They are fast and accurate

9. Mention **FOUR** reasons why a consumer would satisfy basic wants before secondary wants (4mks)

- They cannot be postponed
- They are felt needs
- one cannot do without them/necessary for life/essential for survival
- They may be satisfied at individual level

10. Name the factor of production that each of the following resources relate to (4mks)

Resource	Factor of production
a) Manager	Labour
b) Motor Vehicle.	Capital
c) Water	Land
d) Owner	Entrepreneurship

11. Outline **FOUR** sources of a business idea

- Listening to what people say
- Hobbies
- Surveys
- Newspapers
- Journals
- Waste materials
- Spotting the market gap
- Shows and exhibition

12. List down FOUR external factors of environment that affect the business negatively. (4mks)

- unfair competition
- Inadequate technology
- Natural calamities
- Unfair government policies
- Political instability
- Unfavorable socio-cultural practice
- poor infrastructure

13. State **FOUR** characteristics of direct production (4mks)

- Production of low quality goods
- Encourage individualism
- lead to low standards of living
- can be very tiring
- Does not encourage invention and innovation
- cheap/simple tools are used in production
- it is mostly used on small scale
- the rate of production is low
- A lot of time is wasted from one job to another

14. List down circumstances under which a cheque may be dishonoured (4mks)

- In case of insufficient funds in the account
- When the signature of the account holder differs from the specimen in the bank
- When the cheque is post dated
- if the cheque has been altered
- if the account holder is dead, insane or bankrupt

15. Highlight **FOUR** importance of entrepreneurship to Kenyan Economy (4mks)

- Creates employment

- Contributes to formation of capital
- Reduces rural-urban migration
- Raises standards of living
- improves infrastructure
- Reduces foreign dominance in the economy
- make use of local resources
- promotes technology
- promotes entrepreneurial culture
- saves on imports

16. Outline **FOUR** advantages of division of labour and specialization.

(4mks)

- Output per worker is greatly increased
- encourage invention and innovation
- makes it possible for greater use of machine which makes production fast & efficient
- Enables worker to acquire skills in a particular field
- High quality goods and services are produced
- Worker spend less mental and physical effort
- saves on time

17. State down **FOUR** advantages of engaging in e-commerce in business activities.

(4mks)

- i) facilitates access to large market
- ii) Creates conducive environment for business to transact without discriminations
- iii) reduces paperwork since dealings are done online
- iv) reduces cost of sending receiving and storing information
- v) Enables one to access important information that will enable him improve the running of his business
- vi) it is a faster way of doing business as it facilitates urgent transactions

18. List **FOUR** causes of business failure. (4mks)

- poor management of people
- Poor location/Lack of customers
- Lack of raw materials
- Inadequate finance
- Stiff competition
- Poor infrastructure
- Lack of commitment to the business
- Poor financial management
- poor debt management
- poor public relations
- poor market research
- low level of creativity and innovation

19. Highlight four small scale retailers without shops. (4mks)

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- Itinerant traders
- Roadside sellers
- open air market traders
- Automatic vending machines

20. List **FOUR** classification of economic resources (4mks)

- Natural resources
- Man-made resources
- Human resources
- Renewable resources
- Non –renewable resources

21. Outline **FOUR** different rewards for labour as a factor of production (4mks)

- wages
- salaries
- commissions
- tips

22. Highlight **FOUR** measures that can be taken by an office to safeguard the property of the organization. (4mks)

- Enhancing security against theft i.e by employing watchmen, installing security lights and fencing business premises
- Ensuring physical care by people using the property
- keeping records of movement and usage of the property
- Physical stock taking of each property
- Taking insurance cover
- proper repairs and servicing

23. Classify each of the following activities into appropriate level of production (4mks)

Activity	Level of production
Wholesaling	Tertiary
Mining	Primary
Maize milling	Secondary
Insurance	Tertiary

24. State **FOUR** differences between goods and services. (4mks)

Goods	Services
Tangible	Intangible
Can be stored	Hard to be stored
Can be standardized	Difficult to be standardized
Can change possession	inseparable from the provider
Not all goods are perishable	Are highly perishable
Most can be seen	Services are invisible

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25. Daudi sold crates of soda to Otis at sh.1000 on credit. He gave him a quantity discount of 10%. He also gave him cash discounts of;

10% if payment was made before 1 week.

5% if payment was made after 2 weeks

2% if payment was made after 1 month

Otis made the payment by the end of 2nd week. Calculate;

a. Trade discount (1mk)

$$10/100 \times 1000 = \text{sh } 100$$

b. Cash discount (2mks)

$$1000 - 100 = 900$$

$$2.5/100 \times 900 = \text{sh } 45$$

c.Amount he paid

(1mk)

$$100+45=145$$

$$1000-145=\text{sh } 855$$

