

OPENER EXAMINATION: TERM 2 2024
BUSINESS STUDIES
FORM ONE – MARKING SCHEME

1. Define the following terms.
 - i. Business: **This is the activity carried out by an individual or an organization concerning provision of good and services with a view of making a profit.** 2 marks
 - ii. Business Studies: **Study of activities that are carried out in and around production, distribution and consumption of goods and services** 2 marks
 - iii. Production: **Creation of goods and services or increasing their usefulness through activities such as transportation.** 2 marks
 - iv. Consumption: **Using goods and services by a consumer** 2 marks
 - v. Entrepreneurship: **This is the process of identifying a business opportunity and acquiring necessary resources to start and run the business.** 2 marks

2. State the term given to each of the following discipline. 4 marks
 - i. Study of how man strive to satisfy his unlimited wants using the limited resources? **Economics**
 - ii. Study of trade and aids to trade? **Commerse**
 - iii. Study of systematic way of recording business transaction for decision making? **Accounting**
 - iv. Study of activities that are carried out in an office? **Office practice**

3. State five activities that took place during distribution. 4 marks
 - i. **Transportation**
 - ii. **Buying and selling**
 - iii. **Communication**
 - iv. **Advertising**
 - v. **Banking**
 - vi. **Storage**
 - vii. **insurance**

4. Name four type of business resources. 4 marks
 - i. **Human resources**
 - ii. **Physical resources**
 - iii. **Financial resources**
 - iv. **Technology**

5. Name four factor of production and their rewards. 4 marks
 - i. **Land- rates, rent, royalty**

- ii. **Labour- wages and salary, fees**
- iii. **Capital- interest**
- iv. **Entrepreneurship- profit**

6. State four reason why people engage in business.

4 marks

- i. **To make profit**
- ii. **To provide goods and services**
- iii. **To dispose off surplus**
- iv. **To exploit individual talents**
- v. **To keep oneself occupied/busy**

7. Name FIVE type of business activities.

5 marks

- i. **Extraction**
- ii. **Processing of raw materials**
- iii. **Manufacturing**
- iv. **Construction**
- v. **Distribution of goods**
- vi. **Trade**
- vii. **Provision of services**

8. Give four differences between goods and services.

8 marks

Goods	Services
i. Are tangible	i. Are intangible
ii. Can be scored	ii. Cannot be stored
iii. Can be standardized.	iii. Cannot be standardized.
iv. Can change possession. Most can be seen. Can change in value over time.	iv. Cannot be separated from the provider. Cannot be seen. Cannot change in value since they cannot be stored.

9. State four characteristics of the basic wants.

- i. **One cannot do without them.**
- ii. **They are felt needs.**
- iii. **They cannot be postponed.**
- iv. **They are satisfied before secondary wants.**

4 marks

10. State FOUR characteristics of indirect production.

- i. **Goods are produced for sales/ market.**
- ii. **Goods are produced in large quantities/surplus.**
- iii. **There is specialization in production.**
- iv. **High quality goods are produced.**
- v. **Modern technology is extensively used.**
- vi. **Promote interdependence.**

5 marks

11. Classify each of the following production activities as either primary, secondary or tertiary.

Activity	Level of production
i. Digging clay soil.	Primary
ii. Construction of a bridge.	Secondary
iii. Teaching	Tertiary
iv. Growing of a vegetable.	Primary
v. Transportation of a medicine.	Tertiary

12. State five characteristics of economic resources.

4 marks

- i. **Have utility**
- ii. **Have money value**
- iii. **Have alternative uses**
- iv. **Scarc in supply**
- v. **Can be combined**
- vi. **Can change ownership**
- vii. **Can be complimentary**
- viii. **They are distributed**

13. Explain the following four type of utilities created by production.

marks

- i. **Form utility. This is changing the form of the commodity by converting raw materials to finished goods through processing/ manufacturing**
- ii. **Place utility. This is movement of goods and services from one place to another through transportation.**
- iii. **Time utility. this is created when a good is stored until when it is needed, done through storage or warehouse.**
- iv. **Possessive utility. refers to ownership of goods and services from one person to another through trade and gifts.**

14. State five external business environment factors that would influence the business.

5 marks

- i. **Economics environment**
- ii. **Legal-political environment**
- iii. **Cultural environment**
- iv. **Competitive environment**
- v. **Technological environment**
- vi. **Physical environment**
- vii. **Demographic environment**