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Nairobi

## END OF YEAR EXAMS 2015

MARKING SCHEME-FRM 1

## FORM I BUSINESS STUDIES

Identify four reasons that would make Jane to start a business (4mks)

*i) To earn profit*

*ii) To commercialize her hobby*

*iii) To make use of her free time*

*iv) To be self employed*

*v) To employ others*

2. Differentiate between internal and external business environment (4mks)

*Internal business environment refers to factors that affect business operations from within itself while external business environment refers to factors that affect business operations from the outside.*

3. State four types of resources required by a business (4mks)

i*) Physical resources*

*ii) Human resources*

*iii) Financial resources*

*iv) Technology*

4. List down four types of business activities (4mks)

i) Manufacturing

ii) Processing

iii) Trade

iv) Extraction

v) Construction

vi) Distribution of goods

vii) Provision of services

5. Indicate with a tick the level of production in which each f the following activities belong (4mks)

|  |  |  |  |
| --- | --- | --- | --- |
| **OCCUPATION** | **Primary** | **Secondary** | Tertiary |
| Insurance |  |  |  |
| Coal mining |  |  |  |
| Travel agency |  |  |  |
| Brewery |  |  |  |
| Car showroom |  |  |  |
| Oil drilling |  |  |  |
| Food processing |  |  |  |
| Entertainment |  |  |  |

6. State four characteristics of direct production (4mks).

i) Goods and services are of low quality

ii) Encourages individualism

iii) Leads to low standard of living

iv) Can be very tiring

vi) doesn’t encourage invention and innovation

v) Its time consuming

7. Identify the factors of production related to the following resources (4mks).

|  |  |
| --- | --- |
| **Resource** | **Factor of production** |
| Tools | Capital |
| Investor | Entreprenuership |
| Raw materials | Land |
| Manager | Labour |

8. Highlight five characteristics of basic human wants (4mks)

i) One cannot do without them

ii) They are felt needs

iii) They cannot be postponed

iv) They are satisfied before secondary wants

v) They are universal

9. List down four characteristics of labor as a factor of production (4mks).

i) It is a basic factor of production

ii) Can not be stored

iii) Labourers sell labour but not themselves

iv) Labour is human with ability to think and capacity to get annoyed

v) Labour is mobile

vi) Cannot be separated from the labourer

10. Classify the following items into either basic or secondary wants(4mks)

|  |  |  |
| --- | --- | --- |
| **Item** | Basic | Secondary |
| Biscuits |  |  |
| Ugali |  |  |
| Education |  |  |
| Water |  |  |

11. State four characteristics of economic resources (4mks)

i) Scarce in supply

ii) Have money value

iii) Unevenly distributed

iv) Have utility

v) Have alternative uses

vi) Can change ownership

vii) Can be combined

viii) Can be complimentary

12. State four types of goods (4mks).

i) Free goods

ii) Economic goods

iii) Producer goods

iv) Consumer goods

v) Perishable goods

vi) Durable goods

vii) Public goods

viii) Private goods

ix) Intermediate goods

x) Finished goods

13. State four types of utility (4mks).

i) Form utility

ii) Time utility

iii) Place utility

iv) Possessive utility

v) Natural utility

14. Define the following terms;

a) Entrepreneurship: *is a process of identifying a business opportunity and acquiring the necessary resources required to start and run a business* (2mks)

b) Ethics : *Set of values and principles which influence how individuals, groups of people and society in general behave* (2mks)

15. State five characteristics of a successful entrepreneur (4mks)

i) Should have desire to achieve

ii) Able to solve problems

iii) Ready to take risk

iv) Initiative

v) Creative and innovative

vi) Independent

vi) Seeks information

16. James started a hardware business in January last year. The business lasted for five months and then he closed it down because it was not doing well. State four probable that could have made his business to fail (4mks)

i) He was unable to manage people

ii) The business was not properly located

iii) He lacked raw materials

iv) He didn’t have enough capital

v) Stiff competition

v) Poor public relation

vi) Lack of creativity and innovation

vii) Poor management of finance

17. State four reasons that would make an office opt to use a computer to reproduce documents (4mks).

i) The documents produced are presentable

ii) It is fast

iii) It can store information that has been printed

iv) Less tiring as it doesn’t require a lot of human labour

v) Its accurate

18. Fatuma and Atieno owns an insurance company, give five reasons as to why you would advice them to have an office for their business (5mks)

i) For receiving and recording of information

ii) To be able to distribute information easily

iii) For mailing activities

iv) To have a place for reproduction of documents

v) For communication

vi) For filing

19. State four disadvantages of carbon copying as a method of reproducing documents (4mks)

i) The copies poor Quality/fades easily

ii) Cannot produce copies of photographs

iii) Difficult to produce different colours

iv) Copies may be misaligned

v) Not convenient for many copies

20. State four factors that you would consider when buying an office machine (4mks).

i) Cost

ii) Adaptability

iii) Durability

iv) Security of the equipment

v) Availability of room

vi) Availability of manpower.

vii) Effect n staff morale

21. Identify four advantages that would result from specialization and division of labor in production (4mks).

i) Output per worker is increased

ii) Encourages invention and innovation

iii) Production is fast and efficient

by workers

22. List down five roles played by entrepreneurship in the economic development of a country (5mks)

i) Creation of employment iv) High quality goods and services

*v) Less mental and physical effort is required*

i) Formation of capital

iii) Saves on imports

iv) Promotes technology

v) Makes use of local resources

vi) Reduces rural urban migration

vi) Raises standards of living of people

23. State five sources of a business idea (5mks)

i) Newspapers

ii) Shows and exhibitions

iii) Hobbies

iv) Surveys

v) Waste products

vi) Listening to what people say

vii) Sporting a market gap

24. State five types small scale retailers with shops (5mks)

i) Mail order stores

ii) Kiosks

iii) Canteens

iv) Mobile shops

v) Market stalls

vi) Tied shops

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