**GATITU MIXED SECONDARY SCHOOL**

**BUSINESS STUDIES F1**

**OPENER EXAM**

**TERM II 2015**

INSTRUCTIONS

Answer all questions.

1. Below are some of the factors that influence the operations of a business. Indicate with a tick (√) in the appropriate column the business environment associated with each factors mentioned. (4mks)

|  |  |  |
| --- | --- | --- |
| FACTORS | INTERNAL ENVIRONMENT | EXTERNAL  ENVIRONMENT |
| a)Demographic environment |  |  |
| b)Business culture |  |  |
| C )competitive environment |  |  |
| d) Financial resources |  |  |

1. Utility is the usefulness of a good or a service. Outline FOUR ways in which utility can be created. (4 marks)
2. Give FOUR differences between goods and services. (4 marks)

|  |  |
| --- | --- |
| GOODS | SERVICES |
| a) |  |
| b) |  |
| c) |  |
| d) |  |
|  |  |

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

|  |  |
| --- | --- |
| ACTIVITY | LEVEL OF PRODUCTION |
| 1. Banking |  |
| 1. Fishing |  |
| 1. Teaching |  |
| 1. Baking bread |  |

1. Explain the meaning of the following terms as used in business studies (4mks)

a) Production

b) Commerce

c) Distribution

d) Office practice

*MARKING SCHEME*

***Question 1.***

*a. External*

*b. Internal*

*c. External*

*d. Internal*

*Question 2.*

* *Changing an item from one form/state to another; form utility*
* *Exchanging/trade; possession utility*
* *Transporting an item to where it is required; place utility*
* *Transporting an item to where it is required and at the right time*

|  |  |
| --- | --- |
| ***GOODS*** | ***SERVICES*** |
| *Tangible* | *Intangible* |
| *Divisible* | *Indivisible* |
| *Visible* | *In visible* |
| *Can be stored* | *Cannot be stored* |
| *Some are durable* | *Highly perishable* |
| *Can be standardized* | *Cannot be standardized* |
| *Can change in value over time* | *Cannot change in value since they cannot be stored* |

* *Storing an item for future use; time utility*

*Question 3.*

*Question 4.*

* *Tertiary*
* *Primary*
* *Tertiary*
* *Secondary*

*Question 5.*

* *Production - Creation of goods and services to satisfy human wants. increasing usefulness of a good or service*
* *Commerce – The study of trade and aids to trade*
* *Distribution – Movement of goods and services from producers to users*
* *Office practice – All activities that are carried out in an office*