**OPENER EXAMINATION TERM 2 YEAR 2021**

**NAME: ……………………….. ADM NO: …………….. CLASS: ……………**

**BUSINESS STUDIES**

**FORM ONE**

**MARKING SCHEME**

**Answer all the questions in the spaces provided.**

1. List four factors that make up the external business environment. (4 mks)

* **Economic factors**
* **Social cultural factors**
* **Technolog8ical factors**
* **Environmental factors**
* **Legal/political factors**
* **Demographic factors**

2. State four characteristics of basic wants. (4 mks)

* + **One cannot do without them**
	+ **They cannot be postponed**
	+ **They are felt needs**
	+ **They are satisfied before secondary wants**

3. Define the following terms. (2 mks)

 **(i) Comforts – They are wants that improve one’s living standards beyond the level**

 **of mere survival.**

 **(ii) Luxuries – They are requirements that excessive comfort.**

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

* + **They are scarce in supply**
	+ **Have money value**
	+ **Are unevenly distributed**
	+ **They have utility**
	+ **Have alternative uses**
	+ **Can change ownership**
	+ **Can be combined**
	+ **Can be complimentary**

5. State examples of the following types of economic resources. (3 mks)

|  |  |
| --- | --- |
| **RESOURCE** | **EXAMPLES** |
| (a) Human Resources | **(i) Doctors****(ii) Teachers** |
| (b) Natural Resources | **(i) Rivers****(ii) Minerals** |
| (c) Man-made Resources | **(i) Tractors****(ii) Roads** |

6. Define the following terms: (4 mks)

 **(i) Opportunity cost – Is the value of the forgone alternative where choice has made.**

 **(ii) Scarcity – Means limited or not enough in supply of something.**

 **(iii) Choice – Selecting which human wants to satisfy first based on the scale of**

 **preference.**

 **(iv) Utility – Is the ability of the product to satisfy a human want.**

7. List four characteristics of direct production. (4 mks)

* **Goods and services are of low quality and quantity.**
* **Encourages individualism**
* **:Leads to low standards of living**
* **Can be very tiring**
* **Does not encourage invention and innovation**
* **A lot of time is wasted as one moves from one job to another**
* **No one has the ability to provide all that he/she requires**

8. State the type of utility created in the following circumstances. (4 mks)

|  |  |
| --- | --- |
| **Circumstance** | **Utility** |
| (a) Milling sugar cane | **Form** |
| (b) Selling sugar in a supermarket | **Possession** |
| (c) Transporting milk from a farmer to consumer | **Place** |
| (d) Storing maize in silos | **Time** |

9. Outline four characteristics of land as a factor of production. (4 mks)

* **It is fixed in supply**
* **It is subject to the law of diminishing returns**
* **It is geographically immobile but cannot be occupationally mobile**
* **The fertility of land is not homogenous which means it is not uniform**
* **It is a gift of nature provided freely by the natural environment**
* **It is a basic factor of production.**

10.Distinguish between the following types of goods.

 (i) Free goods and economic goods. (2 mks)

 **- Free goods are provided freely by nature e.g. air**

 **- Economic goods are those that are limited in supply and requires one to pay**

 **for them inorder to acquire them.**

 (ii) Producer goods and consumer goods. (2 mks)

 **- Producer goods/also called capital goods. They are used to produce other**

 **goods e.g a factory.**

 **- Consumer goods giver the final consumer direct satisfaction e.g food and**

 **clothing.**

 (iii) Private goods and public goods. (2 mks)

 **- Private goods are owned by individuals who can use them as they wish**

 **- Public goods are owned by the state collectively by all of us e .g security**

11. State four components of business studies. (4 mks)

* Commerce
* Accounting
* Entrepreneurship
* Office practice
* Economics

12. Define the following terms. (8 mks)

 **(i) Business – Is any activity that involvers the provision of goods and services with**

 **a view of making a profit.**

 **(ii) Extraction – Involvers obtaining of goods from their natural setting eg. mining,**

 **farming, lumbering etc.**

 **(iii) Manufacturing – It involves combining of different raw materials to come up**

 **with one final product.**

 **(iv) Distribution – Refers to the activities involved in moving goods from where they**

 **are produced to where they are needed.**

13. Define the following types of production.

 **(i) Direct production – This is the production of goods and services for one’s own use.**

 **(ii) Indirect production – Provision of goods and services with a view to selling the**

 **excess in order to acquire what one does not produce.**

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

* **Goods and services are of low quality and quantity**
* **Encourages individualism**
* **Leads to low standards of living**
* **Can be tire some**
* **Does not encourage invention and innovation**
* **A lot of time is wasted as one moves from one job to another**
* **No one has the ability to provide all he/she requires.**

15. State four importance of studying Business studies to the society. (4 mks)

* **Assists members of the society to relate the knowledge, skill and attitudes acquired to the day to day business activities.**
* **Assists the individuals in appreciating the role of business studies in the provision of goods and services.**
* **Assists individuals to acquire self discipline and positive attitude towards work.**
* **Helps the individuals to develop positive attitude towards the environment.**

16. State three levels of production. (3 mks)

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

17. Highlight three characteristics of indirect production. (3 mks)

* **Production with a view of exchange**
* **The producer specializes in one or a few**
* **It results in surplus production of goods and services.**

18. Complete the following table. (5 mks)

|  |  |  |
| --- | --- | --- |
| **LEVEL** | **NATURE** | **EXAMPLES** |
| Primary  | Extractive | **(i)Lumbering****(ii)Mining****(iii)Farming** |
| Secondary | Processing | **(i) Maize milling****(ii)coffee processing****(iii)Oil refining** |
|  | Constructive | **(i)Road building****(ii)Home building****(iii)Railway construction** |
| Tertiary | Commercial Services | **(i) Banking****(ii)Insurance****(iii)Wholesaling** |
|  | Direct Personal Services | **(i)Teaching****(ii) Hairdressing****(iii)Medical care** |

19. Highlight five differences between goods and services. (5 mks)

|  |  |
| --- | --- |
| **GOODS** | **SERVICES** |
| **(i) Tangible** | **(i) Intangible** |
| **(ii)Can be stored** | **(ii)Cannot be stored** |
| **(iii) Can change value** | **(iii)Cannot change value** |
| **(iv)Can be seen** | **(iv) Cannot be seen** |
| **(v) Can change possession** | **(v) Cannot change possession** |