

END-TERM TWO EXAMINATIONS**565/1- Business Studies - Form - 1****Time - 2 1/2Hours****MARKING SCHEME****1. TERMS**

- Distribution
- Production
- Consumption
- Utility

Any 4x1=4mks

2. Sources of a business idea.

- Building on one's skills, hobbies, or interests.
- Combining two existing business ideas
- Identifying a market gap
- Listening to what people say
- Recycling waste materials
- Reading newspapers, journals, and magazines
- Brainstorming
- Carrying out market research

Any 4x1=4mks

3. Measures taken by an office to safeguard an organization's property.

- Enhancing security against theft e.g. by employing a watchman, installing security lights, and fencing business premises.
- Ensuring physical care by people using the property
- Keeping records of movement and usage of each of the properties.
- Physical stocktaking of each property
- Taking insurance cover
- Proper repairs, servicing, and maintenance.

Any 4x1=4mks

4. Advantages of enclosed office layout.

- There is privacy and confidential discussion.
- There is less noise and disruption from workers and machines.
- Conducive working environment
- Confers status to top-level employees
- Provide security for valuable and sensitive items such as documents and cash.
- Air conditioning, lighting, and heating in the room may be controlled according to the needs of the occupants.

Any 4x1(4mks)

5. Factors of production and their rewards.

Factor	Reward
Land	Rent/Royalty
Labour	Wages /salaries
Capital	Interest
Entrepreneurship	Profit

6. External environmental factors.

- Legal-political
- Economic
- Competitive
- Cultural

Any 4x1=4mks

7. Reasons for filing office documents.

- To keep the office clean/tidy
- To keep the documents in good condition/protected from damage.
- To save on space in the office
- To gather related documents together
- To facilitate easy retrieval /finding of needed documents.
- To provide records for future reference.(4x1=4mks)

8. Reasons why choice is important in the satisfaction of human wants.

- Wants are unlimited in number while available resources are scarce.
- Some wants are more urgent and intense than others.
- Commodities sell at different prices hence one has to choose what is affordable.
- There are many varieties of products that satisfy the same wants.
- Commodities differ in quality and other salient features.
- Consumers' financial position vary with time hence a budget is needed
- Some wants are recurrent and hence must be catered for quite often.
- Human wants are competitive hence a choice is needed. 4x1=4mks

9. Roles of an entrepreneur in the economy

- Creation of employment
- Formation of capital
- Reducing rural-urban migration through setting up businesses in rural areas
- Revising standards of living through availing of quality goods and services to citizens and paying them wages and salaries.
- Saving on imports by producing import substitutes
- Reducing foreign dominance of the economy
- Promotion of technology
- Promotion of entrepreneurial culture. Any 4*1=4mks

10. Characteristics of land as a factor of production

- A basic factor of production
- Its supply is fixed
- It lacks geographical mobility
- Quality is not homogenous
- Productivity can be increased by increasing capital and labour.
- It is a natural resource
- Can be put into various uses /more than one use. Any 4x1=4mks

11. Characteristics of economic resources

- They are scarce
- They have monetary value
- They are unevenly distributed from region to region, country to country, or community to community.
- They have the ability to create utility when combined
- Some can be transferred from one person to another
- Most of them have alternative uses/variety of uses. Any 4x1=4mks

12. Benefits of Business studies

- a) Enables him or her to understand the general business environment
- b) He/she is able to make informed decisions on the consumption of goods and services
- c) He/She is able to understand /appreciate the role of government in Business.
- d) He/she is able to appreciate the need for ethical practices in business
- e) Equips him/her with relevant skills to start and manage the business
- f) Enables him /her to appreciate the role played by market forces in business/know how to price the product.

13. Identify the component of business studies described below. (4 marks)

	Description	Component
a)	Human activities that assist trade to take place	Commerce
b)	A clear orderly way of recording business activities for easier decision making.	Accounting
c)	Activities such as communication, filing, and reproduction of documents carried out in an office	Office practice
d)	Understanding how human being attempt to meet their endless wants from very scarce materials	Economics

14. State **four** ways in which Kenya as a country can conserve her economic resources.

- Government-appropriate policies governing the exploitation of natural resources should be put in place.
- Harmonized licensing of resource exploitation to prevent imbalanced and

- overexploitation of particular resources.
- Putting in place severe penalties on those found carrying out illegal exploitation of resources e.g. poachers, lumberers.
- Intensifying soil, forest e.t.c. conservation campaigns.
- Encouraging use of alternative sources of fuel to prevent deforestation.
- Educating people on the proper disposal of waste to prevent pollution i.e. solid, air, water.
- Demarcating forests and wildlife reserves to prevent human settlement.

15. Four ways in which the legal political environment can influence the activities of a business.

- To start a business one must obtain a trading license.
- Taxes are imposed by the government on the activities of a business.
- Government offers subsidies to producers.
- The law requires that goods sold must meet certain specified standards.
- Political stability creates a conducive environment for business to thrive.

16. Four advantages of a franking machine. (4 marks)

- a) produce neat work
- b) can print accurate postage amounts
- c) lessens theft/misuse of loose stamps by employees
- d) minimizes loss of stamps
- e) can be used to print messages.

17. Difficulties faced in satisfaction of human wants. (4 marks)

- a) Unlimited in number/too many.
- b) They are insatiable.
- c) They are complimentary.
- d) Vary in urgency and intensity.
- e) Lack of resources.

18. Factors that may lead to the success of a business enterprise.

- Ability to manage people that involves activities such as hiring new employees to fill in vacant positions, and assigning duties to staff according to their qualifications.
- Proper location – The business should be located at a place convenient for its operations.
- Availability of raw materials/stock of goods. This would enable the business to continue operating to meet customer needs.
- Adequate finance – A business with adequate capital is likely to do well since it will be able to finance all its operations.

- Good public relations – This is necessary for the attraction and retention of customers. little or fair competition in order to operate well.
- Commitment to the business – A business where the entrepreneur is committed to its management is bound to do well.

19. **Reasons why shelter is considered a basic want.** (4mks)

- Shelter protects us from wild animals.
- It prevents diseases.
- For the purpose of privacy
- Provides space for relaxation and sleeping.
- Provides warmth to the body.
- Protects man against adverse weather conditions.
- For storage of basic wants.

20. **Level of production that matches the following occupations** (4mks)

	Occupation	Level of production
a.	Carpentry	Secondary
b.	Lumbering	Primary
c.	Fishing	Primary
d.	Banking	Tertiary

21. **Reasons why most organizations prefer locating their offices in the outskirts of town.** (4mks)

- To get ample parking space.
- Enough space for future expansion.
- Avoid traffic jams.
- To avoid noise interruptions associated with CBD.
- Cuts on rental charges/cost.

22. **Characteristics of direct production.** (4mks)

- Production is usually on a small scale
- Production usually for own consumption
- Use simple methods of production
- Low-quality produce
- Low volume of goods produced

23. **Consequences of a poor filing system in an organization.** (4mks)

- Documents may be accessed by an unauthorized person
- Documents may become dirty/damaged

- Untidy office
- Documents can easily get lost
- Wastage of time trying to retrieve the documents.

24. Benefits of a business plan to an entrepreneur.

- A business plan is necessary for an entrepreneur for the following reasons:
- Avoiding mistakes in the process of drawing a plan; mistakes that would take place in the business are identified and corrected in the plan. This helps in avoiding the occurrence of such mistakes in the business.
- Identifying strengths and weaknesses-A business plan helps in identifying strengths or weaknesses and where weaknesses are detected, remedial actions may be taken early enough.
- Requirement by financiers-Financial institutions such as banks may require a business plan before they can accept to finance the activities of the business.
- Allocation of resources-It helps to determine the resources required and plan on how and where to use them. This ensures that resources are neither underutilized nor used for the wrong purpose.
- Facilitates business evaluation-A business plan helps an entrepreneur to assess the progress of the business and any deviation (difference) from the intended plan can be corrected in good time.
- It helps an entrepreneur outline competition-It helps the entrepreneur to be fully aware of the market she or he plans to operate in, understand important trends, and know who her/his competitors are and their strengths and weaknesses. This information aids the entrepreneur to develop products that are better than those of the competitors.
- A motivating factor-A business plan is communicated to all employees in the business. This makes them aware of the direction to be taken by the business. This motivates them to work towards that direction.
- Adaptability-Normally, not all events occur as predicted in the business plan. However, a well-drawn business plan should give room to accommodate any changes that might occur in the future.
- Tool for control-Planning involves setting standards against which performances can be assessed. In case of deviation corrective measures can be taken.

25. Type of machine one would use to perform the following tasks:

	Functions	Type of machine
(a)	To fold documents put them in an envelope and seal them	Composite machine
(b)	To destroy sensitive but unwanted documents	Paper shredder
(c)	To make exam copies of a certain original document	Photocopier
(d)	To trim papers to the required sizes	Guillotine machine

