

FORM ONE BUSINESS TERM 3 2022

MARKING SCHEME

1. Outline four reasons for existence of a business. (4mks)
 - a. **To be an own boss**
 - b. **To utilize spare time**
 - c. **To provide special services**
 - d. **To utilize extra resources**
 - e. **To make profit**
2. Give five components of business studies. (5mks)
 - a) **Accounting**
 - b) **Commerce**
 - c) **Entrepreneurship**
 - d) **Office practice**
 - e) **Economics**
3. Identify whether the following factors fall under micro environment or macro environment. (4mks)

	Macro	Micro
a) Competitive environment	✓	
b) Business structure		✓
c) Cultural environment	✓	
d) Human resource		✓

4. Give four characteristics of human wants. (4mks)
 - a) **They are insatiable**
 - b) **They are recurrent**
 - c) **They are complementary**
 - d) **Require resources**
 - e) **Some are universal**
 - f) **They are competitive**
5. Outline four types of utility. (4mks)
 - a) **Form utility**
 - b) **Time utility**
 - c) **Place utility**
 - d) **Possession utility**

6. Highlight four functions of an office. (4mks)
- a) **Communication**
 - b) **Receiving and recording information**
 - c) **Distribution of information**
 - d) **Mailing**
 - e) **Reproduction of documents**
 - f) **Filing**
7. Outline four characteristics of land as a factor of production. (4mks)
- a) **Basic factor of production**
 - b) **It's fixed in supply**
 - c) **Lacks geographical mobility**
 - d) **Quality is not homogeneous**
 - e) **Subject to law of diminishing returns**
 - f) **It's a natural resource**
8. Give four sources of business ideas. (4mks)
- a) **Gaining from waste**
 - b) **Listening to what people say**
 - c) **Identifying market gap**
 - d) **News papers, Magazines and articles**
 - e) **Shows and exhibitions**
9. Identify four market gaps. (4mks)
- a) **In availability of products**
 - b) **Poor quality products**
 - c) **Insufficient quantities**
 - d) **Poor services**
10. Give four advantages of an open office layout. (4mks)
- a) **Easy supervision**
 - b) **Easy location of workers**
 - c) **Promotes team work**
 - d) **Cheap to decorate**
11. Outline four characteristics of itinerant traders. (4mks)
- a) **Found mainly in densely populated areas**
 - b) **More from one place to another**

c) They are very persuasive

d) Prices are not controlled

12. Highlight four importance of entrepreneurship to the Kenyan economy. (4mks)

a) Creation of employment

b) Formation of capital

c) Reduces rural urban migration

d) Improves infrastructure

e) Promotes technology

13. Outline four services rendered by retailers to consumers. (4mks)

a) Credit facilities

b) After sales services

c) Variety of goods

d) Advice

14. Give four characteristics of services. (4mks)

a) Not tangible

b) Cannot be stored

c) Quality cannot be standardized

d) Cannot be seen

15. Outline four characteristics of an entrepreneur. (4mks)

a) Desire to achieve

b) Initiative

c) Ability to solve problems

d) Independence

16. Give three examples of basic wants. (3mks)

a) Shelter

b) Food

c) Clothing

17. Highlight four characteristics of a good filing system. (4mks)

a) Simplicity

b) Compactness

c) Suitability

d) Accessibility

18. Give four documents used in home trade. (4mks)

- a) **Catalogue**
- b) **Invoice**
- c) **Order**
- d) **Letter of inquiry**

19. Explain four factors that should be considered when selecting office equipment. (8mks)

- a) **Cost - Initial, Maintenance and running cost should be factored in.**
- b) **Durability - Refers to the lifespan of the equipment**
- c) **Availability of man power - This is the personnel required to run or operate the equipment**
- d) **Availability of room - One has to consider whether the room for keeping the equipment is available or not.**
- e) **Security**
- f) **Effect on staff morale**
- g) **Possibility of hiring rather than buying**