

FORM ONE BS M/SCHEME

1. State the term given to each of the following statements: (4 mks)

- (a) Activities carried out with a view of making profit- Business
- (b) Increasing the usefulness of a good or service- production
- (c) Movement of goods from producers to consumers - distribution
- (d) A person who uses a good or service- consumer

1x4 = 4 mks

2. State the term given to each of the following disciplines. (4mks)

Disciplines	Term
(a) Study of trade and aids to trade	Commerce
(b) Study activities that are carried out in an office	Office practice
(c) Study of how man strives to satisfy his unlimited wants using the limited resources.	Economics
(d) Study of the process of identifying business opportunity and acquiring resources to start and run a business.	Entrepreneurship

1 x 4 = 4 mks

3. Below are some factors that affect a business environment. State the business environment affected by each factor (indicate micro or macro) (4mks)

	Factor	Environment
(a)	Economic issues	Macro
(b)	Technological issues	Macro
(c)	Marketing capacity	Micro
(d)	Business structure	Micro

1x4 = 4 mks

4. Highlight **four** benefits of business studies to a learner. (4mks)

- Acquiring the knowledge and skills for starting and operating business.
- Learn basic principles of business management.
- Understand economic issues affecting business and society.
- Utilize the available financial resources in a more effective way. (4x1 = 4mks)

5. Distinguish between the following terms.

(a) Comforts and luxuries (2mks)

Comforts are wants that improve one's living standards beyond the level of mere survival while luxuries are wants that provide excessive comfort

(b) Human resources and man made resources. (2mks)

Human resources are human beings rendering services in production

Man-made resources are those that are created by human beings to be used in satisfying their wants

(c) Renewable resources and Non-renewable resources (2 mks)

Renewable resources are those whose supply can be restored and if they are not creating of goods and services is reduced while Non-renewable resources are those whose supply cannot be restored after use

6. Outline **four** ways in which Kenya can use her natural resources economically for maximum benefit. (4 mks)

- Means of transport e.g. lakes.
- Site of settlement e.g. land.
- Sources of raw materials
- Sources of energy e.g. rivers, lakes.
- Sources of food e.g. good climate.
- Home of wildlife 1 mk for each point. 1x4

7. Classify the following human wants as either basic or secondary. (3mks)

	Need	Classification
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(i)	Security	Secondary
(ii)	Medical care	Secondary
(iii)	Shelter	Basic
(iv)	Love2	Secondary
(v)	Food	Basic
(vi)	Education	Secondary

$\frac{1}{2} \times 6 = 3$ mks

8. State **FOUR** reasons why basic wants must be satisfied first before secondary wants (4mks)

- They are felt needs
- They are necessary for survival
- They cannot be postponed
- They are intense
- One cannot do without them 1x4

9. Highlight **FOUR** characteristics of free resources (4mks)

- Gifts of nature
- Consumed freely/no limitations in use
- Plenty in supply
- No money value
- Owned communally /government owned
- No payment for the use.

1 x 4 mks

10. Name **four** characteristics of human wants. (4 marks)

- They are unlimited
- They are competitive
- They are complimentary
- They are universal
- They are recurrent
- They are habitual
- They vary in urgency and intensity
- They change with time, age and gender 1x 4 =4 mks

11. Classify the following resources as either renewable or non-renewable. Wood, coal sodash, building, stove, wool, silk and Iron. (4mks)

Renewable	Non-renewable
- Wood	- Building stone

- Wool	- Gravel	
- Silk	- Iron	
- Soda ash	- Coal	8x ½ = 4mks)

12. Define the following terms as used in Business Studies.
(4marks)

- (i) Extraction- obtaining of goods from their natural setting
- (ii) Processing-changing the form of a good without combining it with other goods
- (iii) Manufacturing-combining different raw materials to come up with one final product
- (iv) Trade-buying and selling of a good with a view of making profit

13. Suggest three ways that can be taken to improve human resource (3mks)

- Training
- Incentives
- Good working condition
- Improved salaries

1x3= 3 mks

14. State **four** Reasons why choice should be made in satisfying human wants. (4mks)

- Because resources available for satisfying human wants are limited.
- Because human wants vary in urgency and intensity.
- Because there is variation in Tastes and preferences of human wants.
- Because human wants are too many to be satisfied at once.
- Human wants are unlimited
- Goods and services have different prices
- Influence from many advertisements
- Because human wants are competitive. 1x 4 = mks

15. State **four** factors that may limit an individual’s ability to satisfy his basic human wants. (4mks)

- Low income
- Poor health
- High prices of goods and services
- Scarcity of goods and services
- Political instability 1x 4 = 4 mks

16. Give four differences between goods and services (4 mks)

Goods	Services
Are tangible	Are intangible
Can be stored	Cannot be stored
Can be standardized	Cannot be standardized
Most can be seen	Cannot be seen

Can change in value over time	Cannot change in value
Can change possession	Cannot be separated from the provider

1x4 =4 marks

17. Describe four characteristics of Economic resources (4 mks)

- Scarce in supply
- Have money value
- Unevenly distributed
- Have utility
- Have alternative uses
- Can change ownership
- Can be combined
- Can be complimentary

18. For each of the following goods give two examples: (4 mks)

- (a) Free goods-air, sunshine
- (b) Producer goods-tools, machines, commercial vehicles
- (c) Consumer goods-food, clothes, radio
- (d) Durable goods- furniture, buildings

19. Classify the following resources into man-made, human or natural (4 mks)

- (a) Teachers- human
- (b) Dams- man-made
- (c) Roads- man-made
- (d) Clothes- man-made
- (e) Nurses- Human
- (f) Oceans- natural
- (g) Air- natural
- (h) Gold- natural

20. Classify each of the following items into either comforts or luxuries (4 mks)

- a) Golden necklace- Luxuries
- b) Security- Comfort
- c) 40- bed roomed house- Luxury
- d) Medicine- comfort 1x4 = 4 mks

21. Mention **four** external business environments that may affect business operations positively. (4 mks)

- Large population/demography
- Favorable laws/favorable political situation
- Good economic situation
- Advanced/Availability of technology
- Positive culture towards the business enterprise
- Good infrastructure
- Availability of markets
- Political stability

- Favorable cultural beliefs and practices
- Lack of competition
- Favorable natural physical features
- Availability of favorable physical environment 1x4= 4 mks

22. State four micro-environmental factors that might contribute to business failure (4 mks)

- Lack of enough capital
- Poor management
- Lack of appropriate and adequate labour
- Lack of appropriate technology
- Poor/ outdated business culture
- Inappropriate business structure 1x4= 4mks

23. Name two differences between basic wants and secondary wants and give two examples of each (4 mks)

Basic wants	Secondary wants
One cannot do without them	Can do without
Are felt needs	Are not felt needs
Cannot be postponed	Can be postponed
Are satisfied before secondary wants	Are satisfied after basic wants

2x2= 4 mks

24. Highlight any four reasons why people start businesses (4 mks)

- To provide goods and services
- To enable the distribution of goods or services to their final consumers
- To earn profit
- To create opportunities for specialization leading to quality products and services
- To help a country earn income through taxation
- To create employment / self employment
- To earn a living
- To improve the living standard
- Growth and expansion
- Survival-It aims at beating its competitors 1x4= 4 mks

25. Classify each of the following as either generic or enterprise competition (4 mks)

- (a) A coffee processing firm competing with a tea-processing firm-generic
- (b) A choice between going to a cinema or to swim-generic
- (c) Ukweli Bookshop competing with Vitabu Bookshop- enterprise
- (d) Mt Kenya High school competing for academic performance with Mt Elgon High school- enterprise