**AA-14**

**FORM ONE BUSINESS STUDIES**

**MARKING SCHEME**

1.

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| **Commercial production** | **Subsistence** |
| * Large output /surplus * Large scale * Modern technology used * High quality goods * Goods produced for sale | * Small output * small scale * simple methods used * low quality goods * goods produced for consumption |

2. - Free floor space to allow free movement

* Should have minimal noise
* Easy to supervise workers
* Suitable building ventilation
* Equipment should be positioned in a place where it’s accessible.
* Eases work flow (any other relevant pts )

3. – Legal requirements

* Economic factors
* Political factors
* Market competition
* Social/cultural factors
* Natural factors
* Technology advancement (any other relevant pts = 4mks)

4. - Availability of requisite raw materials/inputs

* Availability of land for location and expansion
* Availability of adequate security
* Clean natural environment
* Availability of labour to work in the business
* Favourable laws that relate to businesses
* Fair play in the market-to reduced unfair competition
* Availability of basic economic infrastructure
* The firm to have motivate workers
* Political stability, sanity and certainty (5x1=5mks)

5.

* Due to the unlimited nature of work and limited resources
* The recurrent natures of wants
* The changing nature of wants as a person grows
* The complementary nature of some wants
* The competitive nature of some human wants
* The competitive nature of some wants

6. Differentiate between basic wants and secondary wants

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| --- | --- |
| **Basic wants** | **Secondary wants** |
| * necessary * they are universal * they are felt needs * mainly satisfied at individual level | * not necessary for * they vary * they are not felt needs * mainly satisfied communally |

7. (a) Utility – the ability of goods and services to satisfy human wants’

(b) Scale of preference – treating the first item in its first place.

(c) Opportunity cost-foregone is the actual cost

(d) Production – creation of utility goods /services or usefulness in a product.

8. – They are essential for survival

- The consumer has limited resources

- They are recurrent

- They cannot be postponed

9. (9x1=9mks)

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| **Resource** | **Classification** |
| Hydrogen | ***Natural*** |
| Solar energy | ***Natural*** |
| Dams | ***Man-made*** |
| Tyres | ***Human*** |
| Expertise | ***Man-made*** |
| Satellites | ***Man-made*** |
| H.E. P turbines | ***Man-made*** |
| Typist | ***Human*** |
| Quarries | ***Natural*** |

10. (6x1=6mks)

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| --- | --- |
| **Resource** | **Classification** |
| Limestone | Non-renewable |
| Natural rubber | Renewable |
| Solar energy | Renewable |
| Biogas | Renewable |
| Rivers | Renewable |
| Quarry | Non-renewable |

11. (12x1=12mks)

|  |  |
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| **Activity** | **Production level** |
| 1. Welding work | ***Secondary*** |
| 2. Shop keeping | ***Tertiary*** |
| 3. Oil refining | ***Secondary*** |
| 4. Mining | ***Primary*** |
| 5. Milk processing | ***Primary*** |
| 6. Milking a cow | ***Secondary*** |
| 7. Lumbering | ***Primary*** |
| 8. Insurance | ***Tertiary*** |
| 9. Farming | ***Primary*** |
| 10. Bridge construction | ***Secondary*** |
| 11. Banking | ***Tertiary*** |
| 12. Advertising | ***Tertiary*** |

**12. Factors of production reward**

- Land - Rent

- Labour - Wages/salaries

- Entrepreneur - Profit

- Capital - Interest (4x1=4mks full mks for correct matching)

**13. Five roles played by entrepreneurs in the economy of a country**

* create employment
* Formation of capital
* Utilization of available resources
* Raising the standards of living
* Increase the variety of goods and services
* Improved infrastructure
* Entrepreneurs increase efficiency
* Entrepreneurs give training to employees in management
* Reduce imports (any five = 5x1=5mks)

**14. -** Comply with laws and regulations

* Be fair to others such as employees , government
* Be truthful, especially in promotional activities
* Fight all forms of corruption
* To avoid child labour
* To comply with standards regulations
* Be fair during recruitment of employees (any other pt = 4x1=4mks)

**15**. - Machines do not think and hence there must be an attendant

* Machines may be more expensive and uneconomical if the volume of work is small
* Initial capital outlay may be high
* Rapid obsolescence
* Rigidity enforced by machines can cause dissatisfaction
* Machines can kill staff morale and incentives
* Require training of the existing staff.(any five 5x1=5mks)

**16. Four functions of retailers to consumers**

* Breaking bulk
* Bring goods closer
* Extend after sales services
* Avail a variety of goods
* Give credit facilities
* Provide storage on behalf of consumers

**17. Features of automatic vending machines**

* They dispense goods or services when a card or a coin is inserted
* They do not need any attendants
* They offer limited goods and services
* Usually used for selling stamps, sodas, toilet facilities, weighing service, juke box music, ATMs, telephone e.t.c

**18**. - They are prone to pilferage of goods

* Require heavy capital to start and run
* They do not sell on credit
* Their prices are fixed hence no haggling
* They extend very limited after sales services
* They tempt shoppers into impulse buying (4mks)
* Labour saving
* Speed
* Accuracy
* Prestigious
* Uniformity of work
* Machines can be used to detect errors (4mks)

**20. Features of economic resources**

* The are limited in supply/scarce
* They have money value
* Their quality can be improved
* They are unevenly distributed
* Have ability to create utility
* They can be combined
* Some can be transferred from one person to another
* Most of them have varied uses (any 4pts x1 = 4mks)

**21. Three limitations of labour**

* Work becomes monotonous and boring
* Makes a person depend on only one trade
* Too much use of machines cause unemployment
* Might be difficult to know who to identify, with the final product – having used parts form many manufactures (any three 3x1=3mks)