

K.C.S.E 2012 QUESTIONS

BUSINESS STUDIES PAPER 1

1. Outline **four** circumstances under which cash with order may be used. (4 marks)
2. State **four** benefits that a farmer may derive from being a member of a Producer Co-operative Society. (4 marks)
3. Highlight **three** benefits of globalization to a business enterprise. (3 marks)
4. Highlight **four** ways in which consumers may protect themselves against exploitation by traders. (4 marks)
5. Outline **one** circumstance under which each of the following telecommunication services may be used: (3 marks)
- (i) Paging
 - (ii) Facsimile (fax)
 - (iii) Radio call
6. The following information was extracted from the books of Marigi Traders on 30th June 2009.

Item	Shs.
Purchases	720,000
Opening stock	165,000
Closing stock	?
Sales	980,600
Margin	20%

Prepare the Trading Account of Marigi Traders for the year ended 30th June 2009. (5 marks)

7. Outline **four** tools of monetary policy that a government may use to reduce excess money in circulation. (4 marks)
8. Outline **one** circumstance under which each of the following types of inflation may occur: (4 marks)
- (i) Creeping inflation

(ii) Hyperinflation

9 State **four** forms of economic integration that may exist between countries. (4 marks)

10 Highlight **four** problems of development planning that a country may experience. (4 marks)

11 Nyaboke operates a shop in a farming area. State **four** ways in which the farming community can benefit from the business activity. (4 marks)

12 Outline **four** features of indirect production. (4 marks)

13 State **four** factors that may lead to the success of a business. (4 marks)

14 State **four** ways in which a good filing system may facilitate the operations in an office. (4 marks)

15 Highlight **four** benefits that a country gets by encouraging trade among her citizens (4 marks)

16 Outline **four** challenges that may be encountered when measuring national income using the output approach. (4 marks)

17 Highlight **four** measures that a government may take to reduce the mortality rate in a country. (4 marks)

18 The following balances were extracted from the books of Highlife General Stores on 31st December 2008:

Item	Shs.
Land and buildings	650,000
Stock	470,000
Bank overdraft	80,000
Debtors	350,000
10 year Bank Loan	500,000
Creditors	220,000
Cash	50,000
Motor Van	150,000
Capital	?

Prepare the balance sheet of Highlife General Stores as at 31st December, 2008.
(5 marks)

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19. Given the statements in the table below, indicate the type of entry to be made in the relevant ledger accounts: (4 marks)

Statement	Type of Entry
(i) An increase in revenue	
(ii) A decrease in an asset	
(iii) An increase in an expense	
(iv) A decrease in liability	

20 In the spaces provided in the table below, name the document Jambi Ltd. would issue under the circumstances described: (4 marks)

Circumstance	Document to issue
(i) Jambii Ltd sold goods worth Sh. 54,000 on credit to Jamilar Traders.	
(ii) Osuri Enterprises which had bought goods worth Sh 27,000 was erroneously charged for only Shs 25,000.	
(iii) Guru Traders paid Shs 33,900 by cheque to Jambi Ltd. for goods which had been supplied.	
(iv) Goods sold to Jamilar Traders had been	