

# 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 30<sup>th</sup> 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 30<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> December, 2008. (5 marks)

(5)

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)

(4)

Circumstance	Document to issue
(i) Jambi 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	

# K.C.S.E 2012 QUESTIONS

## BUSINESS STUDIES PAPER 2

1. a) Explain **five** benefits of division of labour to an organization. (10 marks)

b) Explain **five** ways in which a computer may be used in an office. (10 marks)

2 a) The table below shows the demand and supply schedules for product A in a week.

<b>Price (sh)</b>	<b>Quantity demanded</b>	<b>Quantity supplied ('000' tones)</b>	<b>Quantity supplied ('000' tones)</b>
35	5	80	
30	10	65	
25	20	55	
20	25	40	
15	30	35	
10	40	20	
5	55	5	

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Using the information given in the table above, draw the demand and supply curves showing the market equilibrium for the product. (10 marks)

b) Explain **five** merits of direct taxes to the government. (10 marks)

3. a) Explain **five** disadvantages that a country would suffer if she restricted trade with other countries. (10 marks)

b) Discuss **five** factors that may promote entrepreneurship in Kenya. (10 marks)

4. a) Explain **five** characteristics of property insurance. (10 marks)

b) Explain five elements of effective communication. (10 marks)

5. a) The following Trial Balance was prepared by Laketi Traders on 31<sup>st</sup> December, 2009.

Particulars	Dr (shs)	Cr(shs)
Premises	850,000	
Debtors	650,500	
Creditors		820,000
Motor vehicle	800,000	
Equipment	550,500	
Gross profit		1,960,200
Furniture	350,000	
Stock	75,000	
Bank	200,000	
Cash in hand	150,000	
General expenses	117,800	
Discount received		66,100
Commission allowed	12,400	
Insurance	7,500	
Lighting	4,600	
Salaries	78,000	
Capital		1,000,000
	<b><u>3.846,300</u></b>	<b><u>3.846.300</u></b>

Using the information given above, prepare:

(i) A profit and loss account; (5 marks)

(ii) A balance sheet. (7 marks)

b) Describe **four** characteristics of services. (8 marks)

6. a) A school leaver plans to start a retail business. Explain **five** types of small scale retail shops the person may start. (10 marks)

b) Explain **five** circumstances in which a firm may acquire monopoly power. (10 marks)

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