**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 31sl 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)

**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

overpriced by Shs 4,000.

**21** Outline **four** conditions under which a warehouse may be considered to be operating efficiently. (4 marks)

**22** Highlight **four** advantages of promoting sales through the internet. (4 marks)

**23** Zawadi operates a hardware business in her home town. Outline **four** methods she may use

to determine prices for her goods other than the forces of demand and supply. (4 marks)

**24** Highlight **four** factors that a firm may consider when deciding on the goods to produce.

(4 marks)

**25**. State four features of a perfectly