

# 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.

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

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
	<u><u>3.846.300</u></u>	<u><u>3.846.300</u></u>

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)