**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) ('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 31st 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 |

**3.846,300 3.846.300**

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)