

KCSE BUSINESS STUDIES MOCKS 2020/2021

PART 1

KCSE PREDICTOR 1 MOCK 2020/2021

PAPER 1

1. Amina complains to her friend that these days she is finding it increasingly hard to satisfy her needs. Give four reasons why she may be facing such a situation.
2. A resource is something that is used by a business to achieve an objective. Identify **four** resources available in a business. (4mks)
3. State **four** factors that an entrepreneur would consider before investing in a business opportunity
4. The quantity demanded and supplied of a certain commodity can be expressed as $Q_d=50+20p$ and $Q_s= 20+16p$ respectively.

Find

- i) Equilibrium price (2marks)
- ii) Equilibrium quantity (2 marks)

5. The table below shows the growth rate of Gross Domestic product (GDP) of a certain Country for two years

Year	G.D.P
2003	4.0%
2005	6.5%

Highlight **four** circumstances under which the standards of living of the citizens of the country referred to above may not necessarily have been higher in 2005 than 2003. (4mks)

6. Outline **four** sources of monopoly power. (4 marks)
7. State any four money transfer facilities offered by commercial banks (4mrks)
8. State four benefits of warehousing to consumers (4mrk)
9. Indicate the source document and the book of original entry in which each of the following transaction should be recorded (4 mrks)

No.	transaction	source	Book of original entry
a	Purchase of goods on credit		
b	Payment of cash to a creditor		
c	Sale of goods on credit		
d	Sale of fixed asset on credit		

10. The cost of consumer goods and services for a representative basket of an average family is given below.

Year	2012	2013
Prices	Kshs. 1200	Kshs .1600

Determine the increase in consumer price index using 2012 as the base year

11. Write down four differences between ordinary shares and preferential shares (4mrks)
12. Mango Traders had the following ledger account balances as at 31st December

	2019. Ksh.
Sales	100,000

Purchases	170,000
Returns inwards	10,000
Returns outwards	20,000
Salaries	30,000
Capital	40,000
Bank loan	50,000

Prepare the business trial balance as at 31 December 2019. {4marks}

13. Outline four positive implications of a youthful population to an economy. {4 marks}

14. Outline four barriers to verbal communication 4 marks}

15. Highlight four positive impacts of physical environment on operations of a business

16. Sherry traders had the following assets and liabilities as at 1st January

2004 shs

Furniture 350,000

Debtors 45,000

Cash 7,000

Creditors 48,000

For the year ended 31st December 2004,

i) Additional capital was shs 24,000

ii) Drawings were shs 20,000

iii) Net profit was shs 34,000

Determine capital at 31st December, 2004

17. Give four basic characteristic features of a business idea (4 mrks)

18. State four reasons why a producer may involve wholesaler in distributing products (4 mrks)

19. State four factors that determine the premiums charged by insurance companies for life policies (4 mks)

20. State four methods used in trade restrictions. (4 mrks)

21. Highlight four ways in which emergence of COVID-19 infections negatively affected business operations in Kenya (4 mrks)

22. Write the account to debit and credit in the following transactions (4 mrks)

	transaction	a/c to debit	a/c to credit
a	Returned damaged goods to supplier		
b	Received rent by cheque		
c	Took cash for personal use		
d	Customer returned ordered goods		

23. Highlight four characteristics of labour as a factor of production (4 mrks)

24. Mention four adverse effects of inflation (4 mrks)

25. The following information relates to Kamau traders for the month of December 2019

Dec 1: sold goods for shs. 45,000 less 10% cash discount

Dec 5: bought goods worth shs 40,000 in cash and was allowed a discount of 5%

Dec 7: a debtor paid shs 20,000 in settlement of a debt of shs. 23,000 by cheque

Dec 15: sold goods shs. 20,000 on credit to Jambo traders

Dec 26: paid rent shs. 16,000 by cheque

Post the above transactions in relevant journals

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Answer any Five Questions

1. a) Discuss any five economic importance of the recently discovered oil to the Kenya Economy. (10marks)
b) Describe five monetary tools used by the government to control inflation. (10marks)
- 2 a) Explain **four** reasons why Boda Boda transport has become a popular means of transport in Kenya.(8 mks)
b) The following trial balance relates to HM Traders Ltd as at 31st December 2011.

HM Traders Ltd
Trial Balance
As 31st December 2011

Particulars	Dr shs	Cr shs
Capital		283,200
Drawings	8000	
Cash at Bank	30,000	
Machinery	360,000	
Debtors	42 700	
Creditors		20 000
Stock (1.1.2011)	40000	
Sales		570 000
Purchases	325 000	
Return inwards	10000	
Return onwads		15000
Carriage inwards	4000	
Carriage outwards	5000	
Rent	18000	
Salaries and wages	40000	
Discounts Received		9000
General expenses.	14,500	
	<u>897 200</u>	<u>897 200</u>

Stock as at 31/12/2011 was valued at shs. 35,000

Required:

- i) Prepare a trading, profit and loss account for the year ended 31st December, 2011(8 marks)
- ii) Draw a balance sheet as at 31st December, 2011. (4 marks)

3 (a) Explain five consideration for proper use of County Funds

(10 marks)

(b) The following table represents the supply of potatoes for 3 months.

Year 2010	Price Per Kg	Quantity Supplied (Kgs)
January	100	100,000
February	100	90,000
March	100	80,000

Explain five reasons to account for the change in quantity supplied of potatoes in the market. (10 marks)

4 a) Mr Yego, a tea farmer in Kericho, wants to join Kiptigis farmers' co-operative society. Explain five benefits that would accrue to him as a result of being a member of the society (10 marks)

b) On 1st September 2006, Mau Enterprises had the following balance.

Cash shs. 55,000

Bank shs. 250,000 (CR)

During the month, the following transaction took place

September 2nd: Cash Sales Banked shs. 535,260

3rd: Bought Ribbons in cash shs. 4,500

8th: Paid Wangila, a creditor shs. 94,000 by cheque in full settlement of his Account after deducting 6% cash discount

12th: Received a cheque for shs. 58,800 from Wetu after allowing her cash discount of shs. 1,200

15th: Paid salaries shs. 34,000 in cash

25th: Withdrew shs. 50,000 from bank for office use

28th: Anyango a debtor, paid her account of shs. 75,000 by cheque less 10% cash discount.

30th: Deposits all the cash into Bank except shs. 13,700

Required: Prepare a **three** column cash Book as at 30th September 2006 (10 marks)

5) a) Explain **five** measures that Kenya can take to solve the problem of unemployment. (10 marks)

b) Kenya is looking forward to the realization of vision 2030, explain five obstacles that may hinder the successful implementation of the development plan. (10 marks)

6 (a) Draw five differences between perfect competition and monopolistic competition (10 marks)

(b) Explain five negative implications of production activities on the environment (10 marks)

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4. In the spaces provided below, indicate the type of utility created by each of the following business activities

Business activity	Type of utility	(4marks)
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Selling face masks to customers –

Transporting onions-

Storing onions in a granary-

Making a camera-

5. Outline four circumstances under which differed payment may be used (4marks)
- 6.State four advantages of transacting business through the internet. (4marks)

7. The following information relates to Mumbua traders for the year ended 31st April 2015. Shs.

Cash at bank	30,000
Cash in hand	40,000
Current liability	500,000
Sales	920,000
Opening stock	150,000
Closing stock	230,000
Margin 25%	

Expenses 15% of sales

Determine

- | | |
|---------------------------|---------|
| i) Gross profit | (1mark) |
| ii) cost of sales | (1mark) |
| iii)Purchase for the year | (1mark) |
| iv)Net profit | (1mark) |

- 8 For each of the following transactions indicate the account to be debited and credited.4 marks

Transaction	A/c debited	A/c credited
a) Received discount from Top Suppliers		
b) Allowed discount to Shujaa Traders		
c) Sold furniture to Owuor in cash		
d) Took stock worth sh.200 for personal use		

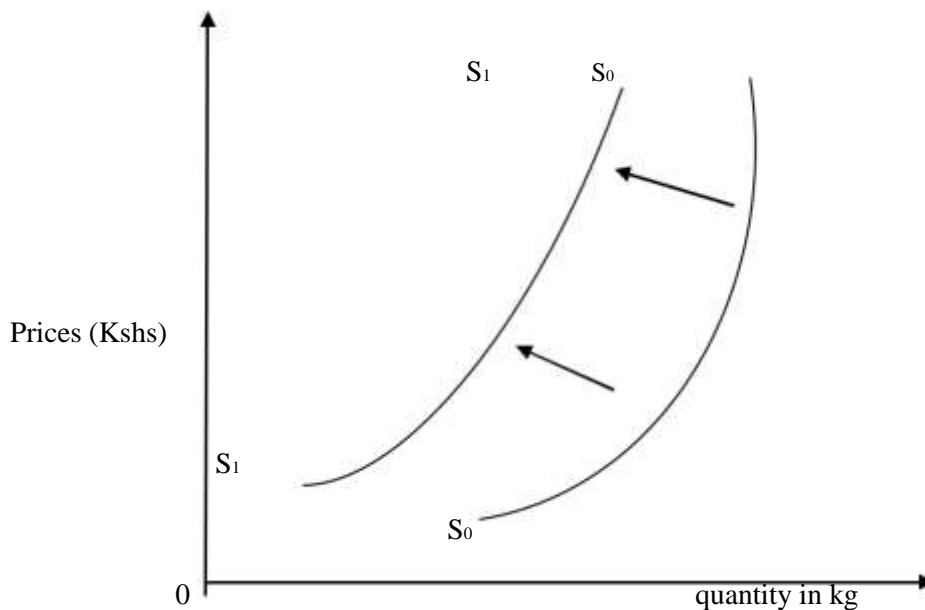
9. Identify four benefits of international trade to a country (4marks)
10. Alice a retailer had a capital balance of sh.160,000 as at 30th June 2016. During the year ended June 30th 2017, the business made a profit of 130,000. Alice the proprietor made drawings of 1500 each month for her personal use. Compute the business capital as at 30th June 2017 (3marks)
- 11.Highlight four reasons that would make an organization use cell phones for communication within and outside the organization. (4marks)
12. State four benefits of “pooling of risks” to insurance company. (4marks)
- 13.Outline four circumstances under which a firm may locate its operations near the source of raw materials. (4 marks)
14. Highlight four measures that the government can take to reduce mortality rate in the country. (4marks)
15. Many countries in Africa, Latin America and Asia are considered as under developed. Outline four characteristics underdeveloped countries have in common. (4marks)
16. State four ways of improving service delivery in parastatals and state corporation. (4marks)
- 17.State four locations in a country where bonded warehouse are likely to be found. (4marks)

18. The following information was extracted from the books of Amani traders on 31st Dec 2010

Commission received	22,000
Sales	763,000
Loan interest	52,500
Purchases	474,000
General expenses	30,000
Drawings	96,000
Rent	120,000
Salaries owing	72,000
Electricity pre paid	85,000

Prepare Amani traders trial balance for the month ended 31st Dec 2010.(5 marks)

19. The diagram below shows a shift in supply curve from S_0S_0 to S_1S_1 .



State four factors that may account for the above shift. (4marks).

20. Outline four contributions of the households to the national income of a country. (4marks)

21. State four circumstances under which a customer would prefer to be paid by a banker's cheque. (4 marks)

22. outline four benefits of becoming a member of a savings and credit cooperative society.(SACCO). (4marks)

23 Highlight four methods used by a monopolistic firm to differentiate products.(4marks)

24.State four circumstances under which a business firm may use photocopying as a means of reproducing documents. (4 marks)

25. Apart from government borrowing, outline four other sources of government revenue. (4marks)

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1 a)Describe five features of economic resources (10marks)

b)Explain five internal economies of scale that a firm can enjoy as its scale of production increases. (10marks)

2a) Explain five important of filing documents in an organization (10marks)

b) Explain five factors that determine the size of a firm (10marks)

3a) The following trial balance was prepared from the books of Muranga traders as at 31st Dec 2018

Muranga traders Trial balance

As at 31st Dec 2018

Dr (shs)	Cr (shs)
----------	----------

Sales		900,000
Purchases	500,000	
Returns	60,000	20,000
Carriage inwards	30,000	
Carriage outwards	3,000	
Stock (jan 2018)	100,000	
Rent	12,000	60,000
Delivery van	300,000	
Bank	60,000	
Creditors		50,000
Debtors	100,000	
Interest	18,000	
General expenses	7,000	
Capital		178,000
	1,190,000	1,190,000

Stock on 31st Dec 2018 was at sh.130,000 required,

Prepare a trading profit and loss account for the year ended 31st Dec 2018. (10marks)

3b) Explain any five limitations of advertising goods in newspapers (10marks)

4a) Explain 5 ways of correcting balance of payment deficit. (10marks)

b) Explain five factors that are likely to lead to high birth rate in Kenya. (10 marks)

5a) Explain five challenges that may be faced by a producer who sells goods directly to consumers. (10 marks)

b) On March 1 2017, Lyon had cash in hand sh.87,000 and cash at bank sh.250,000. During the month, the following transactions took place:

2017

- March 2: Cash sales sh.60,000
- 3: Paid salaries sh.101,500 by cheque
- 7: Received a cheque of sh.76,000 from Henry after allowing him a cash discount of 5%
- 13: Bought office furniture by cheque sh.86,000
- 17: Settled Marita's account for sh.34,200 in cash, having deducted sh.800 cash discount.
- 20: Received a cheque for sh.165,000 in respect of cash sales.
- 22: Paid wages sh.25,000 in cash.
- 24: Withdrew sh.32,000 from the bank for office use.
- 25: Withdrew sh.4000 cash for personal use
- 29: received sh.17,000 cash from Alvin in settlement of his account less sh.1000 cash discount.
- 31: Deposited all the money into the bank except sh.24,000.

Required:

Prepare a three column cash book duly balanced. (10 marks)

6a) Differentiate between life assurance and property insurance (10marks)

b) Explain five circumstances under which personal selling may be most appropriate. (10 marks)

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1. Define the following terms as used in satisfaction of human wants (4mks)
 - a) Scarcity
 - b) Scale of preference
 - c) Choice
 - d) Opportunity cost
1. Currently, many businesses are conducting trade online. Give **four** advantages of this trend (4mks)
2. Highlight **four** reasons why consumer cooperative societies are not popular in Kenya (4mks)
3. State **four** circumstances under which a manufacturer would transport products using a container (4mks)
4. Highlight **four** functions of advertising agencies in creating product awareness (4mks)
5. State **four** assumptions in the circular flow of National Income in a two sector economy (4mks)
6. Outline **five** steps that are followed when opening a ledger account (5mks)
7. Kenya anticipates attaining certain development milestones by the year 2030. State **four** development goals the country desires to achieve (4mks)
8. Highlight **four** principles that every county government must adhere to before incurring any expenditure (4mks)
9. Outline **four** ways of classifying goods in an economy. (4mks)
10. A group of form four leavers plan to start a company. Highlight **four** documents that they will be required to submit to the registrar of companies. (4mks)
11. Apart from the price mechanism, identify **three** other ways in which the prices of goods and services can be determined in an economy. (3mks)
12. Highlight **four** ways through which communication can be improved in an organization
13. The following are descriptions of types of unemployment. Identify the unemployment and the particular solution. (4mks)

	Description of unemployment	Type	Solution
(a)	Where there are many employees doing work meant for few people		
(b)	Where there is a mismatch between the sufficient skilled labour looking for jobs and the vacancies available		
	Where labour is needed only at certain times of the year		
(d)	Where people have physical or mental disabilities and cannot get jobs.		

14. Outline **four** advantages of using a credit card when purchasing goods and services. (4mks)
15. The following information relates to Chumah during the month of March 2017.
March 7th: Sold an old vehicle for sh.900,000 to Super Motors Ltd on credit.

- March 9th: Sold an old Computer for sh. 27,000 to Yannar Ltd on credit.
 March 10th: ~~Purchased a Tractor on credit for sh.600,000 from Sifa Farms Ltd.~~
 March 16th: Purchased Dining chairs from Ujumbe Furnitures sh. 90,000 on credit.
 Open a journal proper for Chumah Ltd for the month of March 2017. (4mks)

16. The following information relates to Mkabwa traders Ltd as at 31/12/2015.

	Ksh.
Capital	290,000
Drawings	35,000
6 year loan	500,000
Furniture	600,000
Closing stock	40,000
Cash in hand	155,000
Debtors	100,000
Bank overdraft	140,000

Expected

Prepare Mkabwa Traders Ltd Balance sheet as at 31/12/2015 (4mks)

17. Highlight **four** factors that may negatively influence entrepreneurship practices in Kenya. (4mks)
18. State **four** features of a chain store. (4mks)
19. Highlight **four** importance of warehousing to a consumer. (4mks)
20. Highlight **four** circumstances under which a producer would prefer to sell goods through a wholesaler. (4mks)
21. Show the effects (increase, decrease or no effect) of the following transactions on Capital, Assets, Liabilities and the Balance sheet totals. (4mks)

Transaction	Capital	Assets	Liabilities	Balance sheet totals
Started Business with ksh. 10,000 in cash.				
Purchased goods worth ksh. 4,500 on credit.				
Took goods worth ksh 2,000 for personal use.				
Sold goods worth ksh. 2000 for ksh 3,000 on cash				

22. Highlight **four** ways in which the Central Bank acts as a Banker to the government. (4mks)

23. Use a tick to identify where the following items are recorded in the table below. (4mks)

Item	Current Account	Capital Account
Grants from foreign donors		
Visible imports		
Receipts from tourism		
Dividends paid to foreign investors.		

24. Highlight **four** ways in which the government creates an enabling business environment. (4mks)

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1. (a) Explain **five** ways in which the internal Business environment may positively influence Business activities. (10 marks)

(b) Explain **five** types of direct taxes. (10 marks)

2. (a) Explain **five** ways in which Entrepreneurs can maintain a healthy Business environment. (10mks)

(b) On 1st June 2019, Kipchoge Enterprises had cash in hand Sh. 87,000 and cash at bank Sh. 250,000. During the month, the following transactions took place

June 2 Cash sales Sh. 50,000

3 Paid salaries Sh. 101,500 by cheque

6 Received a cheque for Sh 76,800 from Jelimo after allowing her a cash discount of 4%

10 Bought Office machine by cheque Sh. 85,000

14 Settled Kiplagat's account of sh. 40,000 in cash, having deducted sh. 1,200 cash discount.

18 Received a cheque of Sh. 150,000 in respect to cash sales

20 Bought stock on credit Sh. 75,000 from Rongo Wholesalers

21 Paid for wages in cash Sh 25,000

23 Took money from bank Sh. 35,000 for office use

25 Withdrew money from bank Sh. 5,000 and used it to pay child's hospital bill

28 Received cash sh. 17,100 from Julius after he deducted a cash discount of 5%.

30 Deposited all the money into bank except Sh. 25,000

- Prepare a Three-column cash- book, duly balanced (10 marks)
3. (a) Explain **five** negative effects of inflation in an economy (10 marks)
- (b) A team of sales persons have just arrived at Milele Secondary School to promote the text books of a given publisher. Explain **five** steps that they will follow when conducting product promotion. (10mks)
4. (a) Explain **five** challenges that Kenya as an economy may be experiencing during the implementation of her development plans (10 marks)
- (b) Differentiate between oligopoly market structure and monopoly. (10 marks)
5. (a) Explain **five** money transfer services that are offered by commercial banks in the Kenyan economy. (10 marks)
- (b) Explain **five** new trends and emerging issues in the insurance sector in Kenya today. (10 marks)
6. (a) Explain **four** disadvantages of protectionism to a country. (8 marks)
- (b) The following trial balance was extracted from the books of Rafiki Traders for the year ended 31/12/2019

Rafiki Traders

Trial Balance

As at 31st Dec. 2019

	Dr (shs)	Cr (shs)
Capital		270,000
Drawings	30,000	
Opening stock	50,000	
Purchases	255,000	
Sales		400,000
Returns	4,000	7,000
Carriage inwards	28,000	
Carriage outwards	8,000	
Discount	12,000	5,000

Insurance	25,000	
Commission	3,000	
Rent		18,000
Furniture	50,000	
Land	155,000	
Premises	110,000	
Debtors	40,000	
Creditors	<u> </u>	s 70,000
	<u><u>770,000</u></u>	<u><u>770,000</u></u>

Closing stock was valued at sh. 58,000

Required,

- i. Prepare a Trading and Profit and Loss account for the year ended 31st Dec.2019 (10mks)
- ii. Calculate the following ratios.
 - a. Mark up (1mk)
 - b. Rate of stock turnover (1mk)

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1. State four challenges that a business without a plan will encounter in its operations. (4mks)
2. An entrepreneur may spot a gap in the market which may be converted into a business idea. Identify four such gaps. (4mks)
3. List down **four** trends in business ownership (4mks)
4. Outline four differences between Direct production and Indirect production (4mks)

Direct Production	Indirect Production
i)	i)
ii)	ii)
iii)	iii)
iv)	iv)

5. The following balances were extracted from the books of Kariuki traders on 31st March 2018

Fixed assets	300,000
Current assets	123,700
Creditors	84,500
5 year bank loan	125,000

Determine the networth of the business as at 31st March 2018 (4mks)

6. Highlight four similarities between a bill of exchange and a promissory note. (4mks)

7. Indicate the type of journal in which each of the following transactions would be recorded.(4mks)

Transaction	Type of journal
i) Goods previously sold on credit were returned
ii) Goods bought on credit
iii) Goods sold for cash
iv) Motor vehicle sold on credit

8. Outline four ways of solving unemployment. (4mks)

9. Outline four ways in which commercial attachées may promote trade between their country and other countries. (4mks)

10. On 1st January 2017 Mr. Nyachae started a business with Ksh. 10,000 in cash. The following transactions took place during the first week of his business commencing

2 nd January	Deposited Sh. 5,000 in the bank
3 rd January	Purchased stationery worth Sh. 1,000 in cash.
4 th January	Bought goods worth Sh. 2,000 by cheque

Enter the above transactions in the relevant "T" accounts. (4mks)

11. Outline four differences between insurance and assurance. (4mks)

Insurance	Assurance
i)	
ii)	
iii)	

iv) .	

12. Give four ways in which consumers benefit from advertising (4mks)
 13. State four features of monopolistic competition (4mks)
 14. Outline four requirements for one to start a limited liability company as one of the forms of business units. (4mks)
 15. State four characteristics of chain stores type of retail business. (4mks)
 16. Identify the type of communication described below. (4mks)

Description	Type of communication
a) Principal addressing students on assembly	
b) Rumours going round that the most	
c) Student group discussion in a class	
d) An employee seeking for permission	

17. Highlight four reasons why E-mail is increasingly becoming popular as a means of communication. (4mks)

18. Give four implications of a declining population (4mks)
 19. Highlight four items that affect the asset stock. (4mks)
 20. Classify the following accounts into personal, private, real or nominal (4mks)

Account	Type of account
i) Office equipment	
ii) Debtor	
iii) Capital	
iv) Salaries	

21. Name what the letters a, b, c and d represent in the circular flow of income. (4mks)
 22. Omolo insured his house worth sh. 5,000,000 for sh. 4,000,000. His house was damaged by fire to the tune of sh. 3,000,000. Calculate how much Omolo was compensated. (4mks)
 23. Identify any four Trade malpractices that consumers need protection against. (4mks)
 24. Outline four functions of commercial banks (4mks)
 25. State four types of capital in a business. (4mks)

PART 2

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TIME: 2 HOURS

1. State four external forces that may affect a business and its operations. (4 marks)
2. Apex limited has opened a factory in a rural shopping Centre called Baraka. Outline four ways in which the people living in the surrounding areas may benefit from the factory. (4 marks)
3. Highlight four benefits Kenya is likely to get from exploitation of oil recently discovered in Turkana area(4mks)
4. Highlight four ways in which a firm can improve the productivity of its human resource. (4 marks)
5. Outline four factors to consider when deciding on a suitable location of an office. (4 marks)

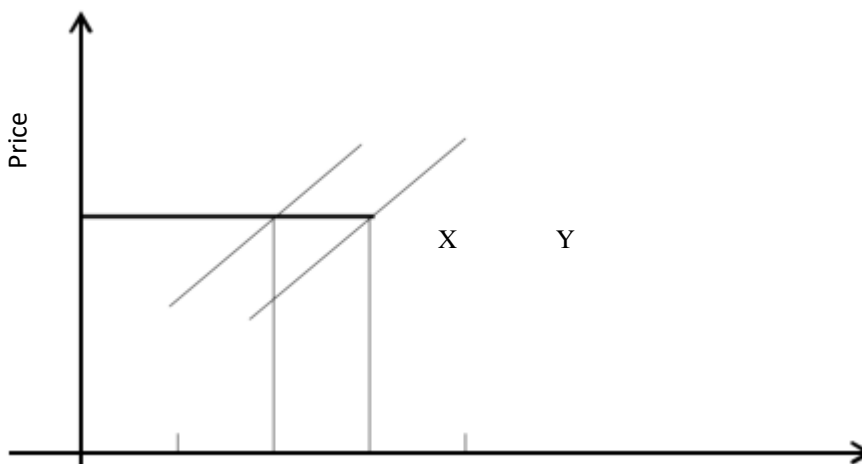
In the spaces provided below, state the document to which each of the following statement relate. (4 mks)

Statement	Document
a) Inform the buyer when goods were dispatched and by what means	
b) A request by seller for payment in advance	
c) Used to correct an undercharge in an invoice	
d) Shows details of the transactions between seller and buyer during a given period	

6. Amin plans to join Mwalimu National Sacco. Outline four benefits he is likely to enjoy. (4 marks)
7. Highlight four circumstances under which verbal communication may be ineffective. (4 marks)
8. Outline four reasons why a government may find it necessary to protect consumers (4 marks)
9. Highlight four factors that limit the use of containers in transport. (4 marks)
10. The table below contains descriptions relating to some type of warehouse. In the space provided, write the type of warehouse to which each description refers.

Description	Type
a) Used to store exports and imports	
b) Any body can rent spaces in it for storing goods temporary	
c) Operated for owners exclusive use	
d) Owned and operated by farmers and manufacturers	

11. State four benefits of after – sale services to the consumers. (4 marks)
12. The diagram below shows supply curves of two producers in different countries but of the same product.



- Highlight four reasons why producer Y supplies more than producer X at the same price. (4 marks)
13. Upendo Traders insured their business premises against the risk of fire. Five months later, the premises were completely destroyed by fire. Outline the procedure that they should follow before compensation is made. (4 marks)
14. The following balances were extracted from Mwangaza traders' books of accounts.

		Shs.
	Opening stock	25,000
Closing stock	35,000	
Purchases	190,000	
Mark - up	20%	
Calculate:		
i) Cost of sales		

(1mark)

- ii) Gross profit (1 mark)
 iii) Sales (1 mark)
 iv) Rate of stock turnover (ROSTO) (1 mark)

Highlight four measures that the government may take to attract firms to an area. (4 marks)

15. Show the effect of each of the following transactions to capital, liabilities and assets indicating whether it is an increase (+) a decrease (-) or a nil (0) . (4 marks)

Transactions	Capital	Asset	Liability
a) Converted private land into business land			
b) Paid creditors in cash			
c) Sold a business van valued at shs. 600,000 from shs. 400,000 on credit			
d) Sold goods on credit			

16. Give four disadvantages of a long chain of distribution of goods to a buyer (4 marks)

17. For each of the following statements, give the type of unemployment described (4 marks)

Statements / Description	Type of unemployment
a) Arise due to mismatch of skills and labour ,market demands.	
b) A person has absolutely nothing to do	
c) Arises when there is a change in methods of production	
d) Arises when the number of people exceeds those that are required	

18. The following balances were extracted from the books of Kipchoge as at 31st Dec, 2014
 Shs.

Capital	30, 000
Bank	3, 400
Cash	2, 700
Discount received	200
Drawings	300
Land	6, 000
Furniture & Fittings	19, 000
Sales	4, 500

Prepare a correct trial balance as at 31 Dec 2014 (5 marks)

19. Study the ledger accounts given below and write out the transactions that took place affecting the business of Huruma Ltd in January 2008.

a) Dr		Sales A/c		Cr
Date	Details	Amt.		
2008				
Jan 2	Pendo	50,000		

b) Dr		Cash A/C		Cr
Date	Details	Amt.		
2008				
Jan 15	Creditors	30,000		

c) Dr		Purchases A/C		Cr
Date	Details	Amt.		
2008				
Jan 10	Bank	20,000		

d) Dr		Equipment A/C		Cr
Date	Detail	Amt		
2008				
Jan 20	Cash	10,000		

e) Dr		Debtors A/C		Cr
Date	Details	Amt		
2008				
Jan 22	Bank	20,000		

20. List four items (transactions) which are recorded in a balance of payment account of a country. (4 marks)

21. The cost of consumer goods for a representatives of a household is given below:

Year	Price
2010	5000
2011	9000

Determine the increase in consumer price index using 2010 as the base year.

(4 marks)

22. State the book of original entry used in recording each of the following transaction of Mrembo Traders.

(4 marks)

Transactions	Book of Original entry
a) Mrembo returned goods worth shs. 4,000 to Boni traders	
b) Malindi traders returned goods worth shs. 2000	
c) Sold goods on credit to Mrima primary	
d) Purchased goods on credit from Kilwa for shs. 10,000	

23. As a student of B/studies, advice Mr. Maina on why he should open a current account to suit his business in a local

bank. (4 marks)

-
1. a) Give Five reasons why majority of Kenyans fear to borrow money from commercial Banks. (10 marks)
 - b) Differentiate between a public corporation and a public limited company. (10 marks)
 2. a) Explain five factors that may influence a country to adopt a protectionist policy in international trader. (10 marks)
 - b) Explain five factors that may be used to measure the size of a business enterprise. (10 marks)
 3. a) The following balances relate to Maendeleo Electrical Enterprise as at 31st December, 2014.

Sh.

Machinery	1,240,000
Stock	190,000
Debtors	150,000
Motor vehicle	1,100,000
Cash- in- hand	150,000
Creditors	270,000
Bank overdraft	130,000
10 year bank loan	1,200,000
Capital	1,660,000
Drawings	750,000
Net profit	320,000

Required:

- i) Net capital
- ii) Total current liabilities
- iii) Total current assets
- iv) Total fixed assets
- b) Five ways in which an entrepreneur contributes to the production of goods. (10 marks)
4. a) Explain five factors that may influence the choice of distribution channel for milk. (10 marks)
- b) On first October 2010, Makueni Traders had sh. 110,000 in hand and sh. 500,000 at bank. During the month, the following transactions took place.
- 2: Cash sales directly banked sh. 70,520
- 3: Bought stationery in cash sh. 9,000
- 4: Bought stock worth sh. 40,000 and the payment was done by the end of the next month in cash.
- 5: Paid Josh, a creditor sh. 188,000 by cheque in full settlement of his account after deductions 6% cash discount
- 10: Received a cheque for sh. 117,600 from Esther after allowing her a cash discount of sh. 2,400
- 12: Sold goods worth sh. 10,000 to Eric on credit
- 16: Paid salaries sh. 62,000 in cash
- 20: Withdrew sh. 100,000 from bank for office use
- 24: Arnold, a debtor paid his account of sh. 150,000 by cheque less 10% cash discount
- 28: The owner took some stock worth sh. 5,000 home for family use
- 30: Deposited all the cash into bank except sh. 27,400. Required:
- Prepare a three column cash book and balance it off. (10 marks)
5. a) Explain five ways large scale organisations are able to reduce their cost of production. (10 marks)
- b) Explain five main causes of inflation in a country. (10 marks)
6. a) Explain five reasons that contribute to low tax revenue by the government through Kenya Revenue Authority. (10 marks)

b) MrUtano, a retired civil servant intends to invest his retirement benefits in a retail business. Explain five factors that Mr. Utano should consider before investing his money in the business. (10 marks)

KCSE PREDICTOR 2 MOCK

565/1

BUSINESS STUDIES

PAPER 1

MARCH/APRIL, 2020/2021

TIME: 2 HOURS

1. Outline **four** ways the economic environment influence business activities (4 marks)
2. List **four** personal attributes of an office staff (4 marks)
3. Highlight **four** limitations of the methods used by the consumer to protect themselves against exploitation (4 marks)
4. Outline **four** benefits of bonded warehouses to the government (4 marks)
5. Distinguish between (4 marks)
 - a) Derived demand and joint demand
 - b) Shift and movement along demand curve
6. Highlight **four** ways that may be used by a monopoly to differentiate a product market (4 marks)
7. Outline four ways in which the Central Bank may use to reduce the amount of money in circulation (4 marks)
8. For each of the following transactions, indicate the effect of each transaction on the balance sheet items as either increase, decrease or no change. (4 marks)

Transaction	Effect on Assets	Effects on liabilities	Effect on Capital
Drawings of goods from the business			
The proprietor brought a personal van for the business use			
Borrowed KCB loan to pay a creditor			
Bought stock by cheque			

9. The following transactions relate to the books of Amina traders as at 31st December 2015.

Gross profit	20,000	
Commission allowed		200
Carriage on sales		4,000
Discount received	8,000	
Salaries	6,000	
Rent	2,000	
Discount revived		400
Commission received	1,500	
Interest on bank loan	500	

 Prepare Amina's profit and loss account for the period ended 31st December, 2015. (5 marks)
10. Outline the relationship between scarcity, choice and opportunity cost with respect to satisfaction of human wants. (4 marks)
11. List **four** documents prepared by the buyer in home trade (4 marks)
12. The National Transport Safety Authority (NTSA) is a department within the transport sector in Kenya. Highlight **four** benefits Kenyans enjoy due to the establishment of NTSA (4 marks)
13. Outline **four** reasons why a firm would prefer to locate near the market of its products (4 marks)
14. List **three** withdrawals in the circular flow of income (3 marks)
15. Other than serving as a medium of exchange. Mention **four** other functions of money (4 marks)
16. The following transactions relate to the books of kilimo holdings. Record them in the relevant ledger accounts. (4 marks)
 - (i) 1st January 2015, took a loan with ICDC of kshs. 50,000 receiving by cheque.
 - (ii) 5th January 2015, kelunyo, a debtor paid his account of kshs. 40,000 in cash.
 - (iii) 10th January 2015, took money from bank, kshs. 50,000 for office use
 - (iv) 12th January 2015, bought furniture kshs. 35,500 in cash
17. Give the name of the insurance policy described in the following table (4 marks)

Description	Name of policy
-------------	----------------

Covers ships while on a specified voyage and time	
Covers a specified peril when the ship is either being loaded, offloaded or serviced	
Covers cargo against loss or damage while being transported by ship	
One policy used to cover a number of ships belonging to one organization	

18. Currently the government is selling state owned businesses to private investors. Highlight **four** benefits of such decisions. (3 marks)
19. State **four** essentials of effective communication (4 marks)
20. Outline **four** advantages of free gifts in product promotion (4 marks)
21. List **four** costs incurred in the distributions of goods (4 marks)
22. Highlight **four** merits of direct tax as a source of revenue to the government (4 marks)
23. Identify the level of occupation described by each of the following information (4 marks)

Description	Occupation
A boy chasing hare for meat	
Britam insurance company selling their policies	
School carpenter making chairs for form ones	
Mr. Zuma counseling form four students	

24. The following information relate to Kamau traders for the month of December 2015. Dec. 1- sold goods for kshs. 45,000 less 10% cash discount
Dec 5 – Bought goods worth kshs. 4,000 in cash and was allowed a discount of 5%
Dec 7 – a debtor paid kshs. 20,000 in full settlement of a debt of kshs 23,000 by cheque
Dec 15 – Sold goods kshs. 70,000 on credit to jambo traders
Dec 26 – Paid rent kshs. 16,000 by cheque
Required:
Post the above transactions to relevant journals (4 marks)
25. Unemployment solving has been an agenda to most developing economies. Identify the type of unemployment being solved below. (4 marks)
- Government initiating irrigation projects to ensure continuous production of food
 - Retraining teachers to embrace use of technology in teaching and learning
 - Government and private sectors inventing job advertisement sites for easy access by job seekers
 - Parliament passing legislation that accommodate the disabled people to acquire jobs

KCSE PREDICTOR 2 MOCK

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2 ½ Hours

- Explain **five** circumstances that can cause a business to succeed in their activities. (10marks)
 - Explain **five** problems facing the savings and credit cooperative societies in Kenya. (10marks)
- A prudent tax system must meet certain essential qualities. Explain **five** indicators of a good tax system. (10marks)
 - Describe the procedure an insured must take when making an insurance claim. (10marks)
- Ondari intends to promote his products. Explain **five** factors that he must take into account when deciding on which method to use. (10marks)
 - Explain **five** weaknesses of using national income statistics as a measure of social welfare. (10marks)
- Explain **five** factors that justify the existence of small scale firms in an economy. (10marks)
 - Bartenge Enterprises started business on 1st May 2014 with Shs. 250,000 consisting of:
Cash at bank Shs. 200, 000, Cash in Hand Shs. 30,000 and Furniture Shs. 20,000.
The following transactions took place during the month of May.

3rd May 2014, Motor Van worth Shs. 85,000 and stock of Shs. 25,000 were bought on credit
 6th May 2014, more stock worth shs.10,000 was bought by cash
 9th May 2014, withdrew money from bank sh 50,000 for office use
 15th May 2014, Sold stock at cost to a customer on credit for shs. 18,500
 19th May 2014, received a cheque for the full settlement of a debt owed from the transaction of 15th May 2014
 23rd May 2014, paid Shs. 65,000 by cheque for the motor van bought earlier on credit
 31st May 2014, paid Shs. 20,000 cash for the stock bought on credit

Required:

Prepare the balance sheet of Bartenge Holdings as at 31st May 2014.

(10marks)

5. (a) Explain **five** problems that are faced by a country with a big population of ageing persons. (10marks)
 (b) Explain **five** differences between banking and non-banking financial institutions. (10marks)
 6. (a) Explain **four** reasons why upward communication should be encouraged in an organization. (8marks)
 (b) The following trial balance was extracted from the books of Lule Traders on 30th April 2015

Lule Traders

Trial Balance

As at 30th April 2015

	Dr (Kshs.)	Cr (Kshs.)
Sales	186,000	
Purchases		115,560
Stock 1.5.2014	37,760	
Carriage outwards		3,260
Carriage inwards	2,340	
Returns	4,400	3,550
Salaries	24,470	
Electricity	6,640	
Rent		5,760
Sundry expenses		12,020
Equipment		24,000
Furniture		6,000
Debtors		45,770
Creditors		30,450
Bank	38,760	
Cash	1,200	
Drawings	20,500	
Capital	<u>128,440</u>	
	<u>348,440</u>	<u>348,440</u>

Stock as at 30.4. 2015 Shs. 49,980

Required:

- a) Trading, profit and Loss account for the year ended 30th April 2015 (8mks)
 b) Balance sheet as at 30th April 2015 (4mks)

KCSE PREDICTOR 3 MOCK
BUSINESS STUDIES
PAPER 1
565/1

1. State **four** reasons why people start business. (4 marks)
2. State **four** characteristics of land as a factor of production. (4 marks)
3. Suggest **four** reasons why an organization should use landscape office layout. (4 marks)
4. State **four** disadvantages of trains as a means of transport. (4 marks)
5. For each of the following transactions indicate the account to be debited and account to be credited and the ledger in which each account would be maintained. (4 marks)

	TRANSACTION	ACCOUNT TO BE DEBITED	LEDGER	ACCOUNT TO BE CREDITED	LEDGER
a)	Sold goods to Kiprutoshs. 100,000 on credit				
b)	Paid shs. 25,000 in cash for rent				

6. Outline **four** factors to be considered when evaluating a business idea. (4 marks)
7. State **four** methods of determining prices other than price mechanism. (4 marks)
8. The following information relates to Malugei Enterprises for the year ended 30th June 2014.
 Sales sh. 480,000
 Stock (01/07/2013) sh. 60,000
 Stock (30/06/2014) sh. 36,000
 Margin 25%
 Determine:
 i) Gross profit
 ii) Cost of sales
 iii) Net purchases
 iv) Rate of stock turnover (4 marks)
9. Highlight **four** functions of money. (4 marks)
10. Mention **four** ways through which the government can ensure a clean environment. (4 marks)
11. State **four** functions of a cash book. (4 mark)
12. State **four** main daybooks (journals) (4 marks)
13. Name **four** circumstances under which a partnership may be dissolved (4 marks)
14. Name **four** contents of Memorandum of association. (4 marks)
15. Highlight **four** dangers of locating a firm in a central place. (4 marks)
16. Outline **four** challenges that a distributor of fresh milk is likely to face in his/her operations. (4 marks)
17. Outline **four** contributions of households to the national income of a country. (4 marks)
18. Outline **four** advantages of a declining population. (4 marks)
19. State **four** reasons why a trader would use a cheque to make payments as opposed to using cash. (4 marks)
20. Mention any **four** types of bill of exchange. (4 marks)
21. State any **four** essential elements in communication. (4 marks)
22. State any **four** principles of insurance. (4 marks)
23. State **four** types of warehousing. (4 marks)
24. State **four** reasons why the government issue trade licenses. (4 marks)
25. Outline **four** characteristics of basic wants. (4 marks)

KCSE PREDICTOR 3 MOCK
BUSINESS STUDIES
565/2
PAPER 2

Answer ANY FIVE questions in the answer sheets provided.

1. (a) Explain any five uses of national income statistics(10mks)
 (b) Describe any five channels that can be used to distribute locally manufactured goods.(10 mks)
2. (a) Explain five differences between monopoly and oligopoly market structures.(10 mks)
 (b) Mr.Kiharu started a business on 1st January 2014 with cash in hand sh.50,000and cash at bank sh.19,000(CR)
 His transactions for the first two weeks ending on 16th January 2013,were as follows:

- January 1: Bought furniture worth shs.10,000 by cash
 2: Deposited sh.5200 cash in the business bank account from the cash till.
 4: sold goods to Michael worth sh 7900 on credit
 5: Mr.Hiharu disposed off a van at shs.70000 receiving payment of sh.2700 by cheque and the balance in cash.
 6: Paid rent sh.1720 cash
 12: Paid salaries shs.2200 by cheque
 13: Received donations shs.15000 by cheque
 14: Withdrew cash shs.10000 for personal use
 16: Transferred all cash into the bank except shs.1200

Required: Prepare Mr.Kiharus's two column cash book duly balanced.

3. (a) Explain five factors that may limit the use of pipeline as a mode of transport in a country.(10 mks)
 (b) Explain five roles played by the Nairobi Stock Exchange (NSE) market in Kenyan economy.(10 mks)
4. (a) Explain any five benefits that may accrue to a business organization which use e-mail to communicate.(10 mks)
 (b) Explain any five limitations of advertising goods in newspapers.(10 mks)
5. (a) Explain any five circumstances under which a firm would be located near the market of its p[roducts).(10 mks)
 (b) Explain any five motives which influence a person to keep money for transactive purposes.(10 mks)
6. (a) Explain any five current trends in office management.(10 mks)
 (b) The trial balance given below was extracted from the books of account of Kapkenda traders at 31st Dec.2015.

Kapkenda Traders
 Trial Balance
 As At 31st Dec.2015.

Details	Dr.	Cr.
Purchases and sales	625388	1,000,000
Returns	4275	5388
Capital		150,000
Land and Buildings	120,000	
Discounts	4829	1139
Drawings	27459	
Debtors and creditors	71820	61040
Stock	28284	
Furniture and fittings	81,000	
Cash	43797	
Miscellaneous expenses	87695	
Carriage outwards	141120	
	1234567	1234567

Closing stock was valued at sh.68964

Required:

Prepare:

- i. Trading,profit and loss account for Kapkenda Traders for the year ended 31st Dec.2015.
- ii. A balance sheet as at 31st December 2015. (5 marks)

KCSE PREDICTOR 4 MOCK

BUSINESS STUDIES

565/1

PAPER 1

1. List **four** items common in partnership agreement (4 marks)
 2. State **four** importances of journals. (4 marks)
 3. Duka traders had goods worth Ksh. 150,000 which was insured for Ksh. 100000 against the risk of fire. Fire occurred and the goods were partially destroyed, the loss being Ksh. 90,000. Calculate how much compensation was paid by the insurance company to Duka traders. (4 marks)
 4. A debit note is a document sent by a seller to a buyer to correct an under price. State **three** reasons that may result in an undercharge. (3 marks)
 5. Give **four** circumstances in which downward communication is used. (4 marks)
 6. State **four** factors which lead to an increase in supply of a product. (4 marks)
 7. The following information relates to Biashara traders as at 31st December 2010. Shs
- | | |
|----------|----------|
| Building | 200, 000 |
|----------|----------|

Bank	120,000
Creditor	100,000
Furniture	120,000
Cash	20,000
Stock	100,000
Debtors	50,000
Bank Loan	200,000

Prepare the balance sheet of the business as at 31st December 2010.

8. State **four** causes of unemployment in Kenya. (4 marks)
9. Highlight **four** factors that influence the level of National Income. (4 marks)
10. State **four** factors that may cause a business to succeed. (4 marks)
11. Give **four** ways in which the capital of a business may change. (4 marks)
12. State **four** functions of advertising agencies in our country. (4 marks)
13. State **four** essential elements of a warehouse. (4 marks)
14. Give **four** characteristics of a monopoly. (4 marks)
15. Outline **four** drawbacks of Barter Trade. (4 marks)
16. List **four** external factors that may affect a firm. (4 marks)
17. Messages may be received through various means in an Office. State **four** of these means. (4 marks)
18. Explain the following terms as used in Business (4 marks)

- i) Cartel
- ii) Amalgamation
- iii) Privatization
- iv) Holding Company

19. State **four** methods used by government to protect consumers in our country. (4 marks)
20. Highlight **four** ways in which Business can avoid or reduce pollution in our county. (4 marks)
21. State **four** ways through which the price of a commodity may be determined. (4 marks)
22. Given below are transactions relating to Ushindi Limited. For each of the transactions, indicate in the columns below the account to be debited and credited. (4 marks)

Transactions	Account Dr.	Account Cr.
a. Paid rent in cash		
b. Paid electricity bill by cheque		
c. Cash sales		
d. Withdrew cash from bank for office use.		
e. Purchased equipments on credit from Rafiki Motors.		

23. State **four** uses of a two- Column cash Book. (4 marks)
24. Outline **four** errors which although present the Trial Balance would still balance. (4 marks)
25. State **four** elements of a transport system. (4 marks)

KCSE PREDICTOR 5 MOCK
BUSINESS STUDIES
565/1
PAPER 1

1. Giving an example in each case, outline the difference between renewable and non-renewable resources (4 marks)
2. State **four** reasons why diagonal communication needs to be encouraged in an organization. (4 marks)
3. Mention **four** benefits enjoyed by a member of a producer cooperative society (4 marks)
4. State **four** measures that the government can use to encourage increase in the country's volume of exports. (4 marks)
5. Highlight **four** positive impacts of the physical environment on the operations of a business. (4 marks)
6. Highlight **four** problems associated with monopoly market structure. (4 marks)
7. Outline **four** role of the mass media in promoting consumer protection. (4 marks)
8. Outline **four** services offered in agency banking as a trend in the banking sector. (4 marks)
9. State the best type of machine one would use to perform the following tasks (4 marks)

	Functions	Name of machine
i)	Used to trim papers into desired sizes	
ii)	To post information to ledgers and to prepare payrolls	
iii)	To transmit printed messages such as letters, maps, diagrams and photographs	
iv)	To destroy sensitive but unwanted documents	

10. The following balance sheet belongs to Nyakwar Atiyo during the period ended 30th June 2000. Nyakwar Atiyo Traders

Balance sheet As
at 30.06.2000

<u>Assets</u>	<u>Kshs</u>	<u>Capital + Liabilities</u>	<u>Ksh</u>
Machinery	45,000	Capital	65,000
<u>Current assets</u>		Creditors	45,000
Stock	7,750	<u>Short term liability</u>	
Debtors	1,375	Bank loan	10,000
Bank	<u>25,375</u>		
	<u>79,500</u>		<u>79,500</u>

The following transactions took place on July 1 2000.

- (i) Paid creditors Sh 2000 by cheque.
- (ii) Nyakwar Atiyo took stock worth Shs 7500 from the business for his son's birthday.
- (iii) Motor vehicle previously owned by Nyakwar Atiyo values at sh 200,000 was converted into business vehicles.

Required: Prepare the balance sheet of Nyakwar Atiyo traders as at 2nd July 2000.

11. Highlight **four** roles of advertising agencies in product promotion (4 marks)
12. Distinguish between the following categories of government expenditure. (4 marks)
 - a) Recurrent expenditure
 - b) Capital expenditure
13. Highlight **four** differences between hypermarkets and departmental stores. (4 marks)
14. The information below was extracted from the books of Lemayian Traders for the year ended 31. 12. 2015

Opening stock 45,000

Closing stock	15,000
Turnover	340,000
Margin	25%

Required:

- (i) Gross profit (2mks)
- (ii) Purchases (2mks)
- 15. Distinguish between the following terms as used in National Income (3mks)
 - a) Gross Domestic Product
 - b) Gross National Product
 - c) Per capita Income
- 16. Highlight **four** ways in which the government of Kenya promotes entrepreneurial development (4mks)
- 17. State **four** channels of distribution for importation of agricultural produce. (4mks)
- 18. Outline **four** trends in transport sector. (4mks)
- 19. Outline **four** benefits of indirect production. (4mks)
- 20. Enter the following transactions in the relevant ledger accounts (4mks)
- 2015 April 1 Janet Cosmetics started a business with Ksh. 150,000 cash
 - „ 3 Bought stock of goods for Sh. 40,000 and paid in cash
 - „ 6 Opened a bank account and deposited Sh. 60,000 from the cash till
 - „ 9 Purchased an office machine for Sh. 25,000 and paid by cheque
- 21. Give **four** reasons why a producer may need to have their own warehouse (4mks)

22. State the name of the source document used to record the following transactions (4mks)

Transaction	Source Document
a) Received goods returned by a buyer who bought them earlier on credit	
b) Making of payment to a casual workers at the end of the week	
c) Bought goods for sale from Gilanis Supermarkets on credit	
d) A customer, Adhiambo, send a cheque for goods she bought earlier on credit	

23. Define the following terms as used in business studies (4mks)

- (i) Annuity
- (ii) Proposer
- (iii) Speculative risk
- (iv) Grace period

24. In the table below fill in the missing figures S,T,U and V. (4 mks)

Business	Assets(shs)	Capital(shs)	Liabilities(shs)
A	20,000	S	5,000
B	42,000	32,000	T
C	U	17,000	53,000
D	18,000	V	6,000

25. Compute the consumer price index (CPI) from the following data giving explanation of your outcome (4mks)

Year	Price
2010	300
2011	375

KCSE PREDICTOR 5 MOCK

BUSINESS STUDIES

565/2

PAPER 2

1. (a) Explain five principles of insurance.
- (b) Study the following table of the demand and supply of product x.

Period 2010	Price / units	Qtn dd / units
July	Shs 300	500
August	Shs 300	400
September	Shs 300	200
October	Shs 300	80
November	Shs 300	50

Explain five factors that may have led to the trend above.

2. (a) Giving the types of unemployment, state the causes of the remedies. (10 marks)
- (b) You are a sales executive with a local bank. Describe five steps that you must follow when sent to the field to promote the products of the bank. (10 marks)
3. (a) Discuss five reasons why a country's economy is showing slow increase in their National Income (10 marks)
4. Explain five problems that are likely to face the process of implementation of well-prepared economic development plans (10 marks)

5. (a) On 1st June 2015, Ndovu Traders had cash in hand of sh.25,000 and sh.56,200 at bank.
During the month, the following transactions took place:

2015

- June 2 Cash sales, sh.42,000.
- June 5 Received a cheque of sh.70,500 from Kiptala Traders after deducting a6% cash discount.
- June 8 Paid salaries, sh24,000cash.
- June 9 Yegon settled his account of sh.45,000 in cash and was allowed sh.1,800cash discount.
- June 12 Cash sales sh46,500.
- June 18 Paid Tuitoek's debt of sh.100,000 by cheque after deducting 5% cash discount.
- June 24 Withdrew sh.26,000 from the bank for office use.
- June 30 Banked all the cash except sh.25,000.

Prepare a 3-column cashbook and balance it off on 30th June, 2015.

- (b) Explain **five** factors that may hinder effective communication in an organization. (10 marks)
5. (a) Explain **five** factors that influence the choice of a product to produce. (10 marks)
- (b) Discuss **five** errors that may not be noticed in a trial balance. (10 marks)
6. (a) Discuss **five** canons of public expenditure. (10 marks)
- (b) The following information was extracted from the books of Umeme Traders as at 31st December 2009.

	Shs
Bank loan	567,000
Bank loan interest	1,440
Capital	1,680,000
Closing stock	87,000
Creditors	272,400
Debtors	140,280

Discount allowed	170,400
Electricity	30,240
Furniture	489,804
Furniture repairs	86,436
Gross profit	624,720
Maintenance on premise	72,000
Motor vehicle	1,080,000
Motor vehicle maintenance	360,000
Premise	648,000
Rent received	144,000
Sundry expenses	122,520

]

Prepare:

(i) Profit and loss account for the year ended 31st December 2009. (10 marks)

(ii) Balance sheet as at 31st December 2009. (10 marks)

KCSE PREDICTOR 6 MOCK
BUSINESS STUDIES
565/1
PAPER 1

1. State **four** auxiliary services to business. (4mks)
2. State **four** trends in office management. (4mks)
3. Outline **four** factors that have lead to the decline in mortality rate in Kenya. (4mks)
4. Highlight **four** ways in which HIV/AIDS prevalence has negatively affected business activities.
5. Outline **four** challenges that a distributor of fresh milk is likely to face in his / her operations. (4mks)
6. Highlight **four** reasons why ethical practices should be observed by the business. (4mks)
7. Differentiate the following terms:-
 - (a) Scarcity and choice. (2mks)
 - (b) Opportunity cost and scale of preference. (2mks)
8. Highlight **four** factors that may positively influence an internal business environment. (4mks)
9. The following balances were obtained from the Books of Mtema Traders as at 31st July 2010

	SHS.
Purchases	18,000
Capital	46,000
Bank	83,500
Advertising	1,500
Furniture	26,000
Debtors	11,000
Stock	25,000

Prepare a trial balance as at 31st July 2010. (4mks)

10. Outline **four** factors that may reduce the supply of cabbages in the local market. (4mks)
11. Sherry traders had the following assets and liabilities as at 1st January

	2004. SHS.
Furniture	350,000
Debtors	45,000
Cash	7,000
Creditors	48,000

For the year ended 31st December 2004,

- (i) Additional capital was Shs. 24,000
- (ii) Drawings were Shs. 20,000
- (iii) Net profit was Shs. 34,000

Determine the capital as at 31st December 2004. (4mks)

12. Outline **four** circumstances under which a credit note can be issued. (4mks)

13. National income from expenditure approach is calculated as follows:

$$NI = C + I + G + (X - M)$$

State the meaning of the following:

(4mks)

- (i) C.....
- (ii) I:.....
- (iii) G
- (iv) X-M:.....

14. Highlight **four** reasons why a wholesaler may decide to sell goods through a retailer instead of selling directly to consumers. (4mks)

15. An entrepreneur may spot a gap in the market which may be converted into a business idea. Name **four** such gaps. (4mks)

16. Outline any **three** types of partnerships. (3mks)

17. List **four** ways in which consumers may be exploited by business organizations. (4mks)

18. Give **four** reasons why human portage remains popular among many communities in Kenya. (4mks)

19. State any **four** categories of telecommunication services. (4mks)

20. Kivory Youth Group wants to start a warehouse service business in their ward. State any **four** essential factors they should consider for their warehouse to function effectively. (4mks)

21. List any **four** varieties of insurance policies that the owners of a supermarket may find useful for the business. (4mks)

22. Chetambe retail shop carried out the transactions given in the table below. For each transaction, state the source of document and respective book of original entry. (4mks)

	Transaction	Source Document	Book of Original Entry
(i)	Sold goods on credit		
(ii)	Informed customer of an under charge		
(iii)	Sold goods for cash		
(iv)	Received allowance for goods returned to supplier		

23. The following was obtained from the Books of Keino Traders.

	SHS.
Opening stock	25,000
Purchases	250,000
Closing stock	30,000
Carriage inwards	15,000
Purchases returns	5,000
Sales	400,000
Sales returns	50,000

Calculate:-

- (i) Cost of goods sold. (3mks)
- (ii) Net sales (1mk)
- (iii) Gross profit (1mk)

24. Mark with a tick to indicate in the appropriate column the financial statement in which each of the items in the table below would appear. (4mks)

Item	Trading Account	Profit & Loss A/c.	Balance Sheet
Opening stock			
Capital			
Carriage in			
Discount received			
Carriage out			
Cost of Sales			
Turn Over			
Bank Overdraft			

25. Outline any **four** indicators of economic development. (4mks)

KCSE PREDICTOR 6 MOCK
BUSINESS STUDIES
565/2
PAPER 2

1. (a) Outline **five** ways in which an entrepreneur contributes to production of goods. (10mks)
- (b) Discuss **five** statutory measures used by the government to control inflation. (10mks)
2. (a) Explain emerging issues in transport in Kenya. (10mks)
- (b) Record the following transactions in Akili Traders' Three-Column Cashbook and balance it off on 31st January 2015. (10mks)

Jan 1 Balance b/d Cash Kshs. 200,000 Dr.
 Bank – Kshs. 15,000Cr
 Jan 2 Cash sales Kshs. 145,000
 Jan 6 Paid for motor expenses Kshs. 2,000
 Jan 7 Paid salaries in cash Kshs. 50,000
 Jan 9 Bought stationeries in cash Kshs. 1,000
 Jan 14 Settled Kalyet's account of Kshs. 60,000 by cheque less 3% cash discount.
 Jan 18 Received a cheque of 84,600 from Koech after deducting 10% cash discount.
 Jan 21 Cash sales paid direct into the bank 340,000
 Jan 23 Kaigat settled his account of 2,600 by cheque after deducting 5% cash discount.
 Jan 24 Received cheque from the following debtors after deducting 10% discount in each case;
 Chuma Kshs, 3,000, Buko 28,000 and Matapei 9,000
 Jan 25 Paid consultancy salaries in cash Shs. 2,000
 Jan 29 Credit purchase of Shs. 10,000
 Jan 31 Banked all except 4,200

3. (a) Explain **five** types of indirect taxes. (10mks)
- (b) Outline **five** differences between a public limited company and a public corporation. (10mks)
4. (a) The following trial balance was extracted from the ledgers of Baraka Traders for the year ended 31st December 2015.

BARAKA TRADERS

TRIAL BALANCE

AS AT 31ST DECEMBER 2015

Details	DR(KShs.)	CR (Kshs.)
Sales		855,000
Purchases	420,000	
Sales returns	12,000	
Purchases returns		20,000
Creditors		165,000
Debtors	63,000	
Motor vehicles	480,000	
Cash in hand	65,000	
Furniture	190,000	
Carriage inwards	14,000	
Stock	280,000	
Capital		626,250
Drawing	88,000	
Telephone	6,400	
Insurance	8,200	
Postage	3,850	
Rent	19,600	
Discount Received		4,000
Advertising	12,900	
Discount allowed	7,300	
	1,670,250	1,670,250

On 31st December 2015, the business had closing stock valued at Shs. 60,000.

Required:

- (i) The Trading, Profit and Loss Account for the year ended 31st December 2015. (8mks)
- (ii) A Balance Sheet as at that date. (4mks)
- (b) According to a recent info-track findings, unemployment is a major problem facing the youth in Kenya. Explain **five** measures that the Kenyan government should take to alleviate the problem. (10mks)

5. (a) Explain various methods used by the Kenyan government to improve its exports. (10mks)
- (b) Explain five benefits that are enjoyed by business enterprise operating in large scale. (10mks)
6. (a) Explain five features of perfect competition market. (10mks)
- (b) Explain five benefits of mobile banking to customers. (10mks)

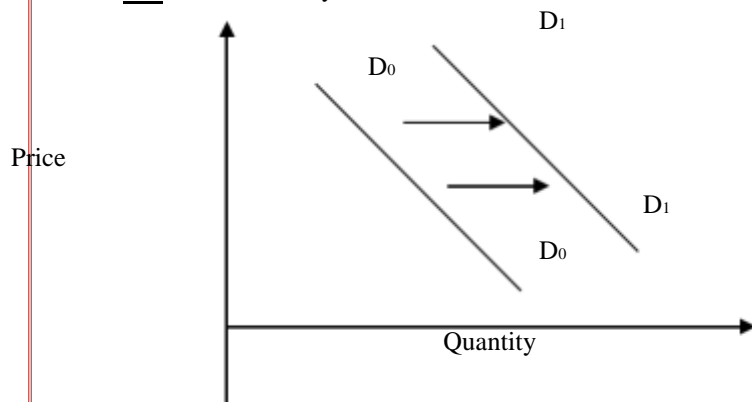
KCSE PREDICTOR 7 MOCK

BUSINESS STUDIES

565/1

PAPER 1

1. Mention four small-scale retailers with shops. (4mks)
2. State four methods of government participation in business activities. (4mks)
3. Outline four importance of intermediaries in the chain of distribution. (4mks)
4. Highlight four features of a fixed deposit account. (4mks)
5. State four differences between subsistence production and large-scale production. (4mks)
6. Outline four documents needed to start a company. (4mks)
7. Mention four factors that may have caused the Demand curve to shift to the right. (4mks)



8. Henry's business had a mark-up of 25%. Calculate his margin. (4mks)
9. State four reasons why a Business Plan is important to an entrepreneur. (4mks)
10. State four elements of transport. (4mks)
11. Outline four uses of national income statistics. (4mks)
12. Outline four characteristics of underdevelopment. (4mks)
13. Outline any four duties of a manager. (4mks)
14. Highlight any four benefits of a bonded warehouse to the government. (4mks)
15. Read the following transactions and state the accounts to be debited or credited. (4mks)
 - (i) Started business with sh. 50,000 in cash.
 - (ii) Sold goods worth sh. 30,000 receiving a cheque.
 - (iii) A debtor, Onyango returned goods to the business worth sh. 5,000.
 - (iv) Withdrew sh. 20,000 from the bank for business use.

Transaction	Debited	Credited
(i)		
(ii)		
(iii)		
(iv)		

16. State the functions of the following documents as used in international trade. (4mks)
 - (i) Consumer invoice
 - (ii) Certificate of origin
17. Outline any four components of external business environment. (4mks)
18. Outline any four barriers to verbal communication. (4mks)
19. Highlight any four demerits of a young population. (4mks)

20. Outline any **four** sources of finance to the county government of Nandi apart from taxes. (4mks)
21. List **four** reasons why a business exists. (4mks)
22. Kenya government has embarked on a policy of establishing industries away from each other. State any **four** benefits that this policy may achieve. (4mks)
23. The following information relates to Nyangores Traders as at 31st December 2000.
- | <u>Shs.</u> | |
|----------------|--------|
| Cash | 20,000 |
| Creditors | 35,000 |
| Repaid rent | 2,000 |
| Bank overdraft | 5,000 |
| Premises | 50,000 |
| Accrued salary | 4,000 |
- Prepare Nyangores Traders Balance Sheet as at December 2000. (4mks)
24. Outline any **four** current trends in product promotion. (4mks)
25. State any **four** circumstances under which partnership may be dissolved. (4mks)

KCSE PREDICTOR 7 MOCK
BUSINESS STUDIES
565/2
PAPER 2

1. (a) In every business, there are documents containing information that forms a basis of making entries in the Books of Accounts. Explain **five** types of these documents. (10mks)
 (b) Explain **five** reasons for the increased use of M-Pesa among Kenyans today. (10mks)

2. (a) Mrs. Baraka, a trader had the following cash transactions starting 1st January 2020/2021.

Jan	1	Balance b/d cash 5,000 bank 15,000
	2	Bought goods for sale and paid by cheque 4,000
	9	Paid insurance 150 cash
	12	Received 250 cash from Mr. Kibet
	14	Deposited 1,000 in the bank
	16	Received by cheque 2,000 from Mchana
	20	Withdrew 7,500 from bank for office use.
	23	Paid wages 900 by cheque.
	26	Received payment of 7,500 cheque from Joy Enterprises after allowing discount of shs. 100
	28	Paid electricity 3,000 cash
	30	Paid water 1,500 in cash
	31	Settled Korir Traders account of sh. 2,250 and received a 10% discount.

Enter the above transactions in a three-column cashbook. (12mks)

- (b) Explain **four** means of payment provided by the post office. (8mks)
 3. (a) Highlight **five** differences between perfect competition market and monopolistic competition market. (10mks)
 (b) Discuss **five** factors that should be considered when buying office equipment. (10mks)
 4. (a) Explain **five** ways through which inflation may be controlled other than the use of monetary policy. (10mks)
 (b) Outline **five** circumstances that would make a person prefer a taxi rather than a matatu. (10mks)
 5. (a) The table below shows prices and quantity of a crate of tomatoes supplied at Kapsabet Market for the last quarter of year 2015.

Month	Quantities supplied	Price
October	20,000	1,000
November	30,000	1,000
December	35,000	1,000

- Explain **five** factors that may have led to the change in quantities supplied. (10mks)
 (b) Outline **five** uses of a computer in an organization. (10mks)
 6. (a) Mr. Rotich's car which had been insured against accident with Amaco Insurance was involved in an accident. Describe the procedure he would follow to claim compensation. (10mks)
 (b) The following trial balance was extracted from the Books of Nandi Hills Enterprises for the year ended 31/12/2014.

Nandi Hills Enterprises
Trial Balance
As at 31st December 2014

	Dr	Cr
Capital		250,000
Drawings	33,000	

Opening stock	47,000	
Purchases	300,000	
Sales		420,000
Returns Inwards	4,000	
Returns outwards		7,000
Carriage outwards	10,000	
Carriage inwards	28,000	
Discount allowed	4,000	
Furniture	25,000	
Motor vehicle	145,000	
Creditors		55,000
Discount received		14,000
Premises	100,000	
Debtors	50,000	
	746,000	746,000

Closing stock was valued at shs. 55,000 while depreciation on motor vehicles was shs. 15,000.

Required:

- Trading, Profit and Loss Account for the year ended 31st December 2014. (6mks)
- Balance Sheet as at 31st December 2014. (4mks)

**KCSE PREDICTOR 8 MOCK
BUSINESS STUDIES
565/1
PAPER 1**

- Below are some factors that influence the operation of a business. By use of a tick indicate in the appropriate column the Business environment associated with each of the factors. 4mks

Factor	Micro	Macro
a) Political factors		
b) Economic recession		
c) Business structures		
b) Human resources		

- Give four basic factors of production with their respective rewards. 4mks

Factors of production	Reward
i)	
ii)	
iii)	
iv)	

- Outline four advantages of warehousing to a consumer 4mks
- Outline four sources of oligopoly power. 4mks
- In the table below classify the accounts as personal, nominal, real or private. 4mks

Account

Account type

Machinery
Kamau(creditor)
Electricity bill
Rent income

6. On 1st of October 2009 Sambu bought goods on credit quoted at Kshs.240,000. Terms of sales were 20% trade discount and 10% cash discount if payment was made on 29TH October 2009. Calculate the amount paid if payment was made on 26th October 2009. 4mks

7. For each of the following sources document name the relevant day book. 4mks

Source Document	Daybook
Invoice issued	
Credit note received	
Cheque received	
Invoice received	

8. Diana, Peter and James have been running a business as a partner without a written agreement. Advice them on the following matters as per the partnership Act. 4mks

- Profit and loss sharing
- Salary to partners
- Loans given to the business by the partner
- Admission of a new partner

9. State whether each of the following transactions increased, decreased or had no effects on the balance sheet totals. 4mks

Transactions	Effect on balance sheet totals
a) Bought office equipment in cash	
b) Paid a creditor by cheque	
c) Used business cash to pay dowry	
d) Converted private room for business	

- State four emerging trends in Matatu PSV transport sector in Kenya. 4mks
- State four circumstances under which photocopying may be used to reproduce documents in a school. 4mks
- The following is a cash book that was extracted from Manyatta traders for the month of February 2009.

Manyatta Traders
Cash book for the month of February 2009

Date	Particulars	Disc. All	Cash	Bank	Date	Particulars	Disc.rec	Cash	Bank
2004 Feb 1	Bal b/d		2,000	5,000	2004 Feb 15	Bank C1		15,000	
12	Wanjala	1,000	19,000		26	Njeru	850		17,000
15	Cash C1			15,000	27	Bal c/d		6,000	3,000

		1,000	21,000	20,000			850	21,000	20,000
28	Bal b/d								
			6,000	3,000					

Describe the transactions which took place on the dates given below.

4mks

- February 1
- February 12
- February 15

February 26

- State four specific objectives of advertising as a tool of sales promotion.
- Apart from government borrowing, outline four other sources of government revenue.
- Give four reasons that make insurance companies decline to insure acts of nature.
- Using the accounting equation, fill in the missing figures in the following table.

4mks

4mks

4mks

4mks

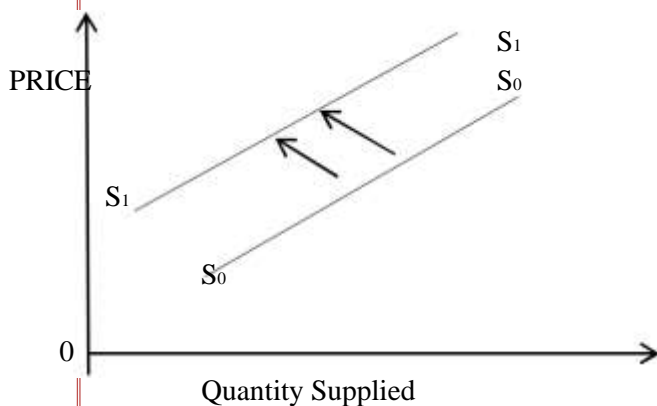
	Liabilities(shs)	Assets (shs)	Capital(shs)
a)	45,820		28,700
b)	43,737	211,000	
c)	348,170		170,340
d)		148,390	108,930

- Identify four barriers to international trade that are imposed by governments.

4mks

- The diagram below shows a shift in supply curve from S_0 to S_1

4mks



State four factors that may account for the above shift.

4mks

- Give four basic characteristics of a business idea.
- The table below shows the age distribution of a country.

4mks

Age	Percentage %
0-15	45
16-55	31
56 and above	24

State four negative economic implications of this age distribution to a county.

4mks

- | | | |
|-----|--|------|
| 21. | Identify four factors that may lead to an increase in the level of national income of a country. | 4mks |
| 22. | Mention four adverse effects of inflation. | 4mks |
| 23. | Outline four functions of Kenya Bureau of standards. | 4mks |
| 24. | Identity four circumstances under which sign language may be used to communicate. | 4mks |
| 25. | The central bank is a banker to the government. Outline four banking services it provides to the Kenya government. | 4mks |

KCSE PREDICTOR 8 MOCK
BUSINESS STUDIES
565/1
PAPER 2

1. a) Explain five principles that guide the operations of an insurance company. 10mks
 b) Explain five features that differentiate a private limited company from a public limited company. 10mks
 2. a) Outline five differences between monopolistic competition and monopoly types of markets. 10mks
 b) The following balances were extracted from the books of mathioya- kangema traders on 1st Jan 2015
- | | |
|-----------|---------|
| Capital | 920,000 |
| Building | 300,000 |
| Machinery | 250,000 |
| Debtors | 100,000 |
| Creditors | 200,000 |
| Bank | 280,000 |
| Stock | 190,000 |

- i) Sold goods for Shs. 160,000 receiving sh. 100,000 through a cheque and balance was to be settled the following year.
 ii) Sold machinery worth sh.150,000 for sh. 100,000 and payment was made through the bank
 iii) Sh. 50,000 was withdrawn from the bank for office use.

Required:

Prepare MathioyaKangema balance sheet as at 31st Dec 2015 showing the ledger balances in the appropriate classes. 10mks

3. a) Explain five advantages of division of labour and specialization in the production process 10mks
 b) Outline five characteristics of an economic union form of integration. 10mks
 4. a) Explain five limitations of using per capita income in measuring people standard of living. 10mks
 b) Explain five problems that a country could face in development planning. 10mks
 5. a)The table below shows the market demand for commodity B from year 2000 to year 2005 in a given town. Highlight five factors that may have contributed to the trend in demand. 10mks

YEAR	Quantity demanded(kgs)
2000	100,000
2001	98,000
2002	90,000
2003	85,000
2004	60,000
2005	55,000

- b) The Kenyan government has been imposing taxes on various commodities. Give five reasons for this taxation. 10mks

6. a)Wholesalers can be classified based on their method of operation. Describe four types of whole salers under this classification. 8mks

- b) The trial balances shown below was extracted from the ledger accounts of Maendeleo Traders as at 31st Dec 2015.

Trial Balance
As at 31st Dec 2015

Details	Dr	Cr
	Shs	Shs
Sales and purchases	301,000	680,000
Returns	35,000	24,000
Discounts	3,500	4,000
Insurance	8,000	
Office expenses	85,000	
Carriage inwards	55,000	
Carriage outwards	8,500	
Rent Received		50,000
Salaries and	180,000	
Stock wages(1 st Jan 2015)	45,000	
Creditors		60,000
Debtors	50,000	
Premises	400,000	
Capital		493,000
Bank loan		360,000
Land	500,000	
	1,671,000	1,671,000

Stock on 31st Dec. 2015 was sh. 30,000

Required:

Prepare Maendeleo Traders trading, Profit and Loss account for the period ended 31st Dec. 2015. 12mks

KCSE PREDICTOR 9 MOCK

BUSINESS STUDIES

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PAPER 1

- iii. Outline four benefits that Kipnetich a student would get from studying Business studies. (4 marks)
- iv. State four circumstances when cash may be used as a means of payment. (4 marks)
- v. State three steps involved in the satisfaction of human wants. (3 marks)
- vi. State four equipments that can be used in a school to reproduce exams. (4 marks)
- vii. Highlight four major challenges that may face a developing country in its quest to adopt containerization as a method of transport. (4 marks)
- viii. Describe the following types of warehouse.
- Bonded warehouse
 - Public warehouse
 - Consumers warehouse
 - Private warehouse
7. Using the balance sheet equation fill in the missing figures into the following tables.

	Capital (Shs)	Liabilities (shs)	Assets (Sh)
--	---------------	-------------------	-------------

a)	21,920		30,341
b)		2,192	19,840
c)	3,773	1,591	
d)		73,000	100,920

8. Kenya will soon start exploiting oil in Turkana. State four challenges that is likely to be faced in exploiting oil in Kenya. (4 marks)
9. State three features of an insurable interest. (3 marks)
10. Differentiate between 'breaking bulk' and 'accumulating bulk' (4 marks)
11. Highlight four benefits of globalization to a business enterprise. (4 marks)
12. Give two reasons why a three column cash book is used as a journal and a ledger. (4 marks)
13. Nyeri county has lately been experiencing a decline in the birth rate, State four reasons for this decline. (4 marks)
14. The table below represents the supply of milk for eight weeks in the month of January and February 2009.

Week	1	2	3	4	5	6	7	8
Litres	195	215	290	340	375	430	485	505

- Outline four causes of the trend in the table. (4 marks)
15. State four services offered by a commercial bank to its consumers. (4 marks)
16. Give four examples of Direct taxes. (4 marks)
17. Outline four ways in which firms contribute to National income of a country. (4 marks)
18. Outline for Barriers to International trade. (4 marks)
19. Give four reasons for observing ethical practices in product promotion. (4 marks)
20. Outline four benefits of using whatsapp in communication. (4 marks)
21. Highlight four transactions that can be recorded through the General journal (Journal proper (4 marks)
22. If the price of 1kg of flour was shs 45 per kilogram in 2003 and in 2004 the price rose to shs 50. Calculate the consumer price index (CPI). (4 marks)
23. State four benefits that subsistence produced may get by participating in exchange of goods. (4 marks)
24. The balances given below were extracted from the ledger accounts of penny profit traders as at 30th June, 2005. Prepare profit and loss account and determine the Net profit or loss made by the business for the period ended 30th June 2005.
- Shs
- | | |
|--------------------|--------|
| Insurance | 15,000 |
| Rent received | 50,000 |
| Discount received | 25,000 |
| Discount allowed | 10,000 |
| Salaries and wages | 30,000 |
| Carriage outwards | 20,000 |
25. Highlight four importance of entrepreneurship. (4 marks)

KCSE PREDICTOR 9 MOCK
BUSINESS STUDIES
565/2
PAPER 2

Answer any FIVE questions.

1. a) Explain FIVE ways in which external environment can negatively affect a business. (10 marks)
 - b) Describe FIVE features of a less developed country. (10 marks)
 2. a) The following information relates to the business of Kipsisigs Traders for the week ended 29th Feb 2020/2021.
- Feb 24th Started business with shs 24,000 in the bank.
Feb 25 th Bought goods worth shs 18,000 by cheque.
Feb 26 th Sold goods for cash shs 18,900
Feb 28 th Cash sales worth Kshs 5,625
Feb 29 th Paid commission Kshs 900 in cash.

Required

- Prepared ledger accounts and balance them off. (10 marks)
- b) Explain five benefits that could accrue to a customer who buys goods from a department store. (10 marks);
 3. a) Explain five ways in which inflation can be controlled by the government. (10 mks)
 - b) Explain five disadvantages of persuasive advertising to consumers. (10 mks)
 4. a) Describe five circumstances when a country may be forced to control her imports. (10mks)
 - b) Explain five roles played by licensing as a government regulatory tool. (10 mks)
 - 5 a) The following Trial balance was prepared from the books of Kaitui Traders as at 31 st Dec. 2015.

Kaitui Traders
Trial balance

	Dr	Cr
Land and buildings	500,000	
Capital		940,000
Plant and machinery	200,000	
Motor vehicles	300,000	
10 yr bank loan		200,000
2 year LCDC loan		100,000
Stock	100,000	
Debtors	60,000	
Creditors		60,000
Accrued expenses		20,000
Cash at bank	100,000	
Cash at hand	20,000	
Drawings	40,000	
	1,320,000	1,320,000

Prepare

- i) Determine
 - Working capital.
 - Capital employed
 - Borrowed capital
(10 marks)
- ii) Explain five roles played by intermediary in the chain of distribution.
- 6 a) Explain five services that the central bank of Kenya offers to commercial banks. (10 marks)
- b) Explain five measures being used by the government to control high rate of unemployment in Kenya. (10 marks)

1. Identify four gaps that may create a business opportunity in a market. (4 marks)
2. Classify the following factors as either micro or macro business environment. (4 marks)
 - a) Business culture
 - b) Tax rates
 - c) Employees
 - d) Level of competition
3. The following diagram illustrates a change in supply.
Outline four factors responsible for the change of the supply curve from SS to S₁. (4marks)
4. State four ways on how the government can ease traffic congestion in towns. (4 marks)
5. State any four adverse effects of inflation. (4 marks)
6. Outline four positive effects of declining population. (4 marks)
7. State four factors that determine the premiums charged by insurance companies for life policies. (4 marks)
8. The information relates to Mamboleo Traders as at 31-12-2010.

Fixed assets	800,000
Stock	240,000
Current liabilities	120,000
Net profit	200,000

Calculate

 - i) Return on capital employed (2 marks)
 - ii) Current ratio (2 marks)
9. State four benefits of a public warehouse to a consumer. (4 marks)
10. State four benefits of a public warehouse to a consumer. (4 marks)
11. Name the ledger book in which the following information is posted. (4 marks)
 - a) Total of purchases journal
 - b) Individual accounts of debtors
 - c) Fixed assets accounts ;
 - d) Accounts of credit suppliers
12. Outline four circumstances under which written communication may be preferred. (4 marks)
13. State four measures that may be taken by the Kenyan government to solve unemployment problem. (4 marks)
14. Record the following transactions in a two-column cash book and balance it off; (4 marks)

Jan 1st opening balances: Cash sh 3000, bank overdraft sh 8000

Jan 2nd Bought goods worth sh 2000 and paid by cheque

Jan 3rd Received a cheque of sh 2900 from a debtor

Jan 4th paid wages sh 1000

[illegible]

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17. State four reasons why a producer may involve wholesalers in distributing products. (4 marks)
18. Outline four benefits public finance. (4marks)
19. Outline four benefits of privatisation to Kenyan economy (4marks)
20. Mention four benefits that consumers may get from small scale retailers. (4marks)
21. For each of the following source documents, name the relevant day book where it can be used in recording transactions. (4 marks)

SOURCE DOCUMENT	DAY BOOK
a) Invoice received	
b) Credit note copy	
c) Invoice retained	
d) Credit note original	

22. Give four disadvantages of credit cards. (4 marks)
23. State four factors determining the size of a farm. (4 marks)
24. Highlight four human resource management activities that contribute to business success. (4 marks)
25. Redraft the following balance sheet by correcting any mistakes. (4 marks)

RICH'S

Balance sheet As at 31/8/2015

Debtors	12000	Stock	12,200
Capital	40700	Co-op- loan	50,000
Creditors	18000	Bank overdraft	22,000
Computers	875000	Cash	19000
	158200		

KCSE PREDICTOR 10 MOCK
BUSINESS STUDIES
565/2
PAPER 2

1. a) Explain five benefits of entrepreneurship to the Kenyan economy. (10 marks)
- b) Explain five guidelines under which insurance companies .operate. (10 marks)
2. a) Explain five factors that determine the level of national income. (10 marks)
- b) Explain five factors that may affect economic planning process. (10 marks)
3. a) Explain five ways in which internal business environment affect the business operations. (10 marks)
- b) The following transactions took place in the business of Shujaa Enterprise during the month of March 2015. 2015 March

1st: Credit purchase from Maisha sh 20,000, Ndovu sh 5,000, Kingi sh 12,000

3rd: Credit sales to Kombo sh 6000, Mamboleo sh 8000, Ndugu sh 10,000

8th: Goods returned to Shujaa Enterprises from Kombo sh 500, Ndugu sh 1000

12th: Goods returned by Shujaa Enterprises to Kingi sh 1500, Ndovu sh

500 *Required;*

Record the above information in the relevant books of original entry. (10 marks)

4. a) Differentiate between a private warehouse and a public warehouse. (10 marks)
- b) Explain five ways through which commercial banks facilitate payment (10marks)
5. a) Explain five circumstances under which personal selling may be appropriate as a method of product promotion. (10 marks)

b) The following trial balance was extracted from Milka traders on 31st Dec 2015.

	Dr	Cr
	Sh	Sh
Capital		250,000
Stock	25000	
Machinery	250,000	
Motor vehicle	87000	
Purchase	360,000	
Sales		600,000
Returns inwards	40,000	
Returns outwards		20,000
Discount received		5,000
Carriage inwards	2000	
Carriage outwards	3000	
Bad debts (written off)	80,000	
General expenses	88,000	
Debtors	18,000	
Creditors		49,000
Rent	1000	
	<u>954.000</u>	<u>954.000</u>

Additional information;

Closing stock was sh. 22000

Prepare Milka traders Trading, profit and loss account for the year ending 31/12/2015.

(10marks)

6. a) Describe five channels followed in exporting agricultural product.

(10 marks)

b) Explain five characteristics of a perfect competition market.

(10 marks)

KCSE PREDICTOR 11 MOCK

BUSINESS STUDIES

565/1

PAPER 1

1. Identify four gaps that may exist in a market that may lead to a business opportunity. (4 marks)
2. State four features of land as a factor of production. (4 marks)
3. Highlight four reasons as to why many organizations are preferring open office layout. (4 marks)
4. Outline four reasons why shopping malls have become popular in Kenya. (4 marks)
5. Indicate with a tick (V) whether the following items fall in the internal or external business environment. (4 marks)

Factor	Internal	External
a) Price levels in the country		
b) Business employers		
c) Cultural practices		

6. List four money transfer services offered by commercial banks in Kenya. (4 marks)
7. Highlight four circumstances under which a partnership business would be preferred to a sole proprietorship. (4 marks)
8. Identify the element of transport to which each of the following items relate. (4 marks)
 - (a) Diesel
 - (b) Port
 - (c) School bus
 - (d) Lake
9. Mwiti has a retail shop in Meru town valued at Ksh. 1,500,000. He insured the business with an insurance company for sh. 1,000,000 against fire. After six months a fire broke out and destroyed 80% of the business. Determine the amount of compensation that he can claim from the insurance company. (4 marks)
10. Identify the type of advertising described by each of the following : (4marks)

Description	Type of advertising
a) Meant to promote a company's name or image	
b) Uses popular personalities to advertise	
c) Aims at promoting the sales of a new or existing product	
d) Aims at giving full information about a product	

11. Outline four factors that may lead to decline in supply of a commodity. (4marks)
12. State four problems that may be experienced by a country that is overpopulated. (4marks)
13. State four users of a balance sheet. (4marks)
14. On 1st July 2012, Meru traders had the following balances: shs.

Computer	45,000
Capital	136,000
Creditors	20,000
Furniture	80,000
Bank	26,000
Cash	5,000

The following transactions took place on 2nd July 2012 :

- purchased a motor van for sh.400,000 on credit from Shah motors
- paid a creditor sh. 13,000 by cheque

- bought furniture for sh.8000 by cheque

Prepare a balance sheet as at 2nd July 2012 after the above transactions had taken place.

(4 marks)

15. Record the following transactions in Kanana's Ledger accounts.

2014

Jan 1 : Credit sales to Mawira Ksh.60,000

Jan 2 : Credit purchases from Mutua Ksh. 120,000

(4 marks)

16. State four positive effects of inflation in a country.

(4 marks)

17. Highlight four causes of unfavourable balance of payments.

(4 marks)

18. Identify the source document used to make entries in the following journals.

(4 marks)

Journal	Source document
a) Sales journal	
b) Returns inwards journal	
c) Petty cash book	
d) Cash payment journal	

19. State four factors that hinder economic development in most African countries.

(4marks)

20. The following information relates to Muindi Traders.

Stock (1/1/2011) 30,000

Stock (31/12/2011) 15,000

Purchases 150,000

Mark up 20%

Prepare the trading account for the period ended 31/12/2011.

(4marks)

21. Highlight four benefits that accrue to a firm that expands its scale of operation.

(4marks)

22. Identify four ways in which goods are prepared for sale in a warehouse.

(4 marks)

23. List four examples of direct taxes.

(4 marks)

24. Highlight four channels that can be used to export goods from Kenya to South Africa.

(4marks)

25. List four assumptions of the circular flow of income in a two sector closed economy. (4 marks)

KCSE PREDICTOR 11 MOCK**BUSINESS STUDIES****565/2****PAPER 2**

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1. a) Explain five problems encountered when measuring national income of a country. (10 marks)
b) Explain five reasons why a country imposes taxes on her citizens. (10 marks)
2. a) Explain five ways of improving the efficiency of a warehouse. (10 marks)
b) The following transactions related to Kioko Traders for the month of May 2012
May 2: Sold goods on credit to Asunta sh.24, 000 and Janet sh.32, 000
May 8: Bought goods on credit from Patel Traders sh.80, 000
May 12: Asunta returned goods worth sh.4, 000
May 15: Purchased goods on credit from Karoki sh.68, 000 and Petero sh.62, 100
May 20: Goods worth sh. 12,000 were returned to Patel Traders and goods worth sh.6, 000 to Karoki
May 23: Goods sold on credit to Asunta sh. 16,000, Tom sh.22000 and Joseph sh.26, 000 May 27: Goods returned by Janet sh.4, 000
May 30: Purchased a motor vehicle on credit worth sh. 1,000,000 from General motors Prepare the relevant journals. (10 marks)
3. a) Explain five features of a monopoly. (10 marks)
b) Explain five benefits that may accrue to a community involved in home trade. (10 marks)
4. The following balances were extracted from the books of Mutwiri Traders for the year ended 31st December 2011.
Shs.
- | | |
|--------------------|-----------|
| Gross profit | 76,200 |
| Stock (31 st Dec.) | 160,400 |
| Cash | 210,120 |
| Motor vehicle | 1,206,000 |
| Capital | 1,207,120 |
| Equipment | 401,200 |
| Furniture | 188,800 |
| Creditors | 248,400 |
| Debtors | 151,800 |
| Discount received | 52,800 |
| Salaries | 24,800 |
| Carriage outward | 28,800 |
| Rent income | 25,200 |
| Advertising | 44,400 |
| Insurance | 18,800 |
| Bank overdraft | 825,400 |

Required:

- (i) Prepare a profit and loss A/C for Mutwiri Traders for the year ended 31 st Dec.2011. (5 marks)
(ii) Prepare a balance sheet as at 31 st Dec.2011. (5 marks)
- b) Using a diagram illustrate the effects of a rightward shift in supply curve on equilibrium price and quantity. (10 marks)
5. a) Explain five reasons why a business may replace an old machine with a new one. (10marks)
b) Explain five factors that hinder entrepreneurial activities in a country. (10marks)
6. a) Explain five reasons for trade restrictions by a country. (10marks)
b) Explain five reasons why a country should undertake development planning. (10marks)