

KCSE PREDICTOR BUSINESS

SET 1

*A SERIES OF KCSE PREDICTION
BUSINESS STUDIES QUESTIONS!*

FOR MARKING SCHEMES

CONTACT 0705525657

(PREDICTOR TRIALS 1-15)

MR ISABOKE 0705525657

KCSE PREDICTOR 1

565/1

BUSINESS STUDIES

Paper 1

Time: 2 Hours

QUESTIONS

1. Outline four elements that may compromise the internal environment of a business. (4marks)

2. List four characteristics of money. (4marks)

3. Give four assumptions that are associated with perfect competition. (4marks)

4. State four ways in which a warehouse is of importance to a manufacturer. (4marks)

5. Outline four factors that an entrepreneur should consider before setting up a manufacturing business. (4marks)

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6. Given the statement in the table below; indicate the type of entry to be made in the relevant ledger accounts. (4marks)

Statement	Types of Entry
i) An increase in revenue	
ii) A decrease in an asset	
iii) An increase in an expense	
iv) A decrease in liability	

7. Below are some entries in the cash book of Romano Traders for the month of July 2010:

Date 2010	Details	Cash(sh)	Bank (sh)	Date	Details	Cash (sh)	Bank (sh)
July 1	Bal b/d	15,000		July 1			10,000
July 6	Cash		20,000	July 6	Bank	20,000	
July 20	Sales		15,000	July 15			
July 28	Debtors	20,000		July 29	Stock		10,000
				July 31	Bal c/d	10,000	

State the meaning of the following entries: -

(4marks)

- a) July 1, 2010 balance b/d, bank column, sh. 10,000

- b) July 6, 2010 cash sh. 20,000 and bank sh. 20,000

- c) July 28,2010 debtors sh. 20,000

- d) July 31, 2010 balance c/d sh. 10,000

8. State four merits of promoting products through personal selling.

(4marks)

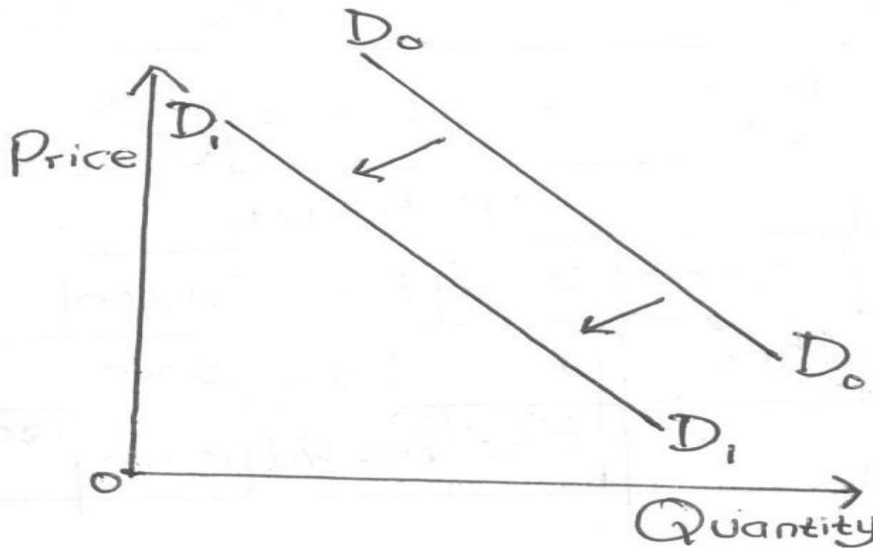
9. The aggressive campaign for citizens to plan their families seems to be causing a decline in the country's population growth. Outline four possible effects on this. (4marks)

10. State four functions of commercial attaches. (4marks)

11. Wanjau started a business with sh. 60,000 as at 1st January 2010. During the year profits and additional investments were sh. 50,000 and sh. 60,000 respectively. At the end of the year, Wanjau remembered that she had taken goods for her personal use and that as at 31st December 2010, her capital was sh. 19,500.

Determine the value of goods that Wanjau had taken for her personal use. (4marks)

12. The figure below shows a shift in demand curve from D_0D_0 to D_1D_1 . State four factors that may have caused the shift. (4marks)



13. Juma Munyacia sells all his goods at 25% above cost. His books gave the following information as at 31st December 2004.

	<u>Sh</u>
Stock 1 st January 2004	98,720
Stock 31 st December 2004	126,000
Sales for the year	600,000

Calculate the profit made by Munyacia (4marks)

14. State four types of source documents. (4marks)

15. Prepare the balance sheet of Baraka traders from the following list of balances extracted from his books as at 31st December 2005. (4marks)

Sh

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Machine	150,000
Motor vehicles	200,000
Stock	40,000
Creditors	25,000
Loan from KCB	100,000
Bank	20,000
Furniture	7,000
Capital	292,000

16. Outline four factors that promote the level of national income in a country. (4marks)

17. Highlight four adverse effects of production activities on the environment and community health. (4marks)

18. Mention four circumstances under which an insurance company may re-insure. (4marks)

19. State four elements of communication process. (4marks)

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20. In the absence of a written partnership agreement, the provision of the partnership Act will apply. State four such provisions. (4marks)

21. Highlight four features of open-air market trading. (4marks)

22. State four emotional qualities of an office worker. (4marks)

23. State four features of indirect production. (4marks)

24. Outline four factors that may limit the use of containers as a method of transporting goods. (4marks)

25. Describe four characteristics of services. (4marks)

KCSE PREDICTOR 1

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BUSINESS STUDIES

Paper 2

Time: 2 Hours

Answer Any Five Questions

1. (a) Explain **five** measures which the government can take in order to reduce unemployment. (10 marks)
- (b) Explain **five** features of a good filing system. (10 marks)

2. (a) Explain **five** roles played by the central bank in the economy of our country. (10 marks)
- (b) Discuss **five** circumstances when a business may extend credit to a buyer. (10 marks)

3. (a) Explain **five** ways in which the efficiency of a warehouse may be guaranteed. (10 marks)
- (b) On 1st Jan 2017, Dona Traders had sh.110,000 in hand and sh.50,000(cr) Bank. During the month, the following transactions took place:

Jan 2: Cash sales sh.40,000

Jan 3: Paid postage expenses sh.4,100 in cash

Jan 5: Received the following cheques from debtors after they had deducted a cash discount of 2% in each case. Kamau Ksh.2450, Laban Ksh.9604 and Tugi Ksh.2774.

Jan 9: Paid the following creditors in cash and in each case deducted 2% cash discount, Willy Ksh.2000 and Yala Ksh.6000

Jan 13: Cash sales directly banked Ksh.10,000

Jan 16: Took Ksh.11,000 from the office and deposited in the business bank account.

Jan 19: Sold goods worth Ksh.18,000 on Credit to Kiyoma.

Jan 21: Received Ksh.18,000 cash from Oman in settlement of Ksh.20,000.

Jan 26: Banked all cash leaving Ksh.4000 only.

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

4. (a) Outline **five** factors that positively influence entrepreneurial practices in Kenya. (10 marks)
- (b) The Kenya National Bureau of Statistics releases annual publications of national income statistics. Explain five uses of such statistics. (10 marks)

5. (a) Explain **five** reasons for which traders observe ethical practices in product promotion.

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(10 marks)

(b) Explain **five** factors that may dictate a certain firm to be located near its raw materials source. (10 marks)

6. (a) Explain **four** reasons why the government may opt to privatize a parastatal. (8 marks)

(b) Keme Enterprise had the following credit sales during the first week of March 2020.

March 1st: Credit sales to the following debtors:
Omwenga Sh4000, Invoice No. 003, Norah Sh.5000 and Wanjohi Sh.3000.
March 2nd: Credit sales to Omwenga Sh.500
March 3rd: Credit sales to Susan Sh.2000
March 4th: Credit sales to Norah Sh.1000 and Wanjohi Sh.3000

Required:

- Record the above transactions in the relevant journal (7 marks)
- Post the above transactions in the sales ledger (3 marks)

KCSE PREDICTOR 2

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BUSINESS STUDIES

Paper 1

Time: 2 Hours

1. State the unit of carriage for each of the following modes of transport (4mks)	
Mode of transport	unit of carriage
Porterage	_____
Cartage	_____
Sea	_____
Air	_____

2. Outline four elements of demographic environment that may influence the operation of a business. (4 marks)

3. State four reasons why consumers have to make choices between competing wants. (4marks)

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

<u>Business activity</u>	<u>Type of utility</u>	(4marks)
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)

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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
v) Received discount from Top Suppliers		
vi) Allowed discount to Shujaa Traders		
vii) Sold furniture to Owuor in cash		

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viii)	Took stock worth sh.200 for personal use		
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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)

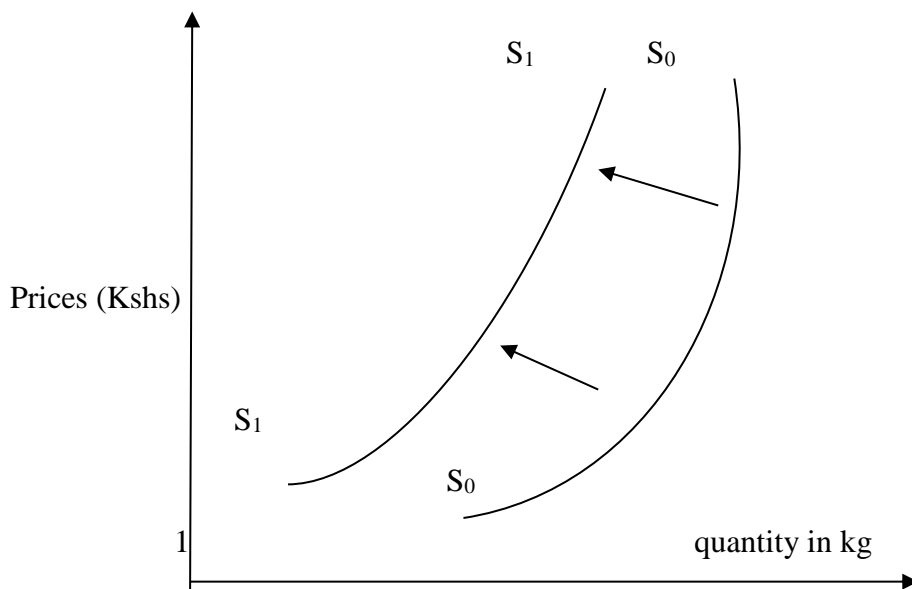
13.Outline four circumstances under which a firm may locate its operations near the source of raw materials.

(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)

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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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BUSINESS STUDIES

Paper 2

Time: 2 Hours

- 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 20189. (10marks)

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

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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 form 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)

KCSE PREDICTOR 3

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BUSINESS STUDIES

Paper 1

Time: 2 Hours

1. Highlight four ways in which the introduction of money helped eliminate problems faced in barter trade.(4mks)

a)

b)

c)

d)

2. The following information relates to Kibet traders for the month of August 2012.

	(Sh.)
Opening stock	40,000
Purchases	46,000
Carriage inwards	2,100
Closing stock	22,500

Goods are usually sold at a markup of 20%.

Required: Prepare a trading account for Kibet Traders for the month ended 31st August 2012. (4mks)

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

Transaction	Journal
a) Sale of goods on credit	
b) correction of an undercharge	
c) Goods returned by customers	
d) Purchases on credit	

4. State four conditions which must be met in order for an insurance contract to be valid. (4mks)

- a)
- b)
- c)
- d)

5. The following table represents information related to three business (i) (ii) (iii) and (iv). (4mks)

	Assets	Capital	Liabilities
i)	700,000	X	50,000
ii)	Y	500,000	225,000
iii)	600,000	410,000	Z
iv)	67,000	W	24,705

6. Outline four measures that may be taken by the government to curb unemployment. (4mks)

- a)
- b)
- c)
- d)

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7. The following is a table of activities. Name the utility that is created by each activity. (4mks)

Activity	Utility
a) Making chairs from timber	
b) Delivering milk to consumers early in the morning	
c) Shop keepers selling sugar to consumers	
d) Pharmacist delivering drugs to a hospital	

8. Outline four roles of transport in the facilitation of trade.

(4mks)

- a)
- b)
- c)
- d)

9. State four disadvantages of division of labour.

(4mks)

- a)
- b)
- c)
- d)

10. Outline four features of a public corporation.

(4mks)

- a)
- b)
- c)
- d)

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11. Outline four benefits that may accrue to a business from political stability. (4mks)

- a)
- b)
- c)
- d)

12. Highlight four benefits of national income statistics to the government.

(4mks)

- a)
- b)
- c)
- d)

13. Highlight four advantages of using billboards as a medium of advertising. (4mks)

- a)
- b)
- c)
- d)

14. Highlight four circumstances under which a proforma invoice can be used. (4mks)

- a)
- b)
- c)
- d)

15. State four duties of the office clerk. (4mks)

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- a)
- b)
- c)
- d)

16. State four reasons for maintaining a cash book in a business enterprise.

(4mks)

- a)
- b)
- c)
- d)

17. State four demerits of government involvement in business activities.

(4mks)

- a)
- b)
- c)
- d)

18. Name the type of warehouse associated with each of the statement given below.

(4mks)

Statement	Type of warehouse
a) Goods can be stored before payment of custom duties.	
b) Individuals can hire storage facilities.	
c) Goods are stored from several manufacturers	
d) Specialized goods are stored	

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19. Outline four disadvantages of using internet in communication.

(4mks)

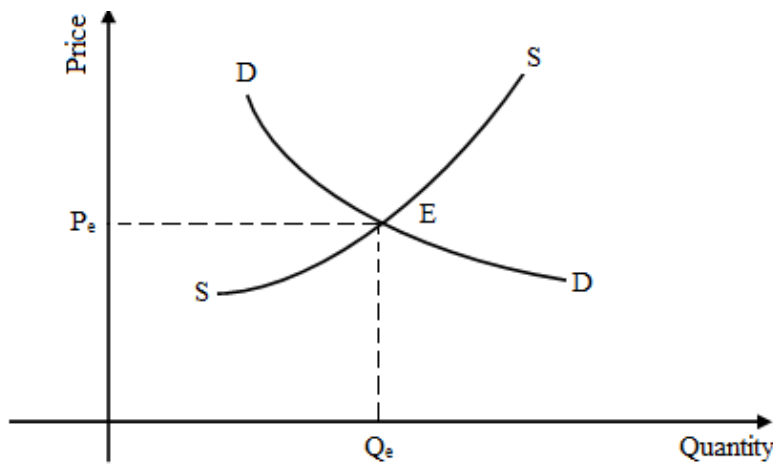
- a)
- b)
- c)
- d)

20. Highlight four characteristics of economic resources.

(4mks)

- a)
- b)
- c)
- d)

21. The following diagram shows the demand and supply curves of a commodity.



State four things that will happen to equilibrium price, P_e and quantity, Q_e , if the supply of the commodity increases while demand remains constant (4mks)

- a)
- b)
- c)
- d)

22. State the effect of each of the following transactions on the balance sheet totals by writing increase or decrease or no effect in each case. (4mks)

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Transaction	Effect
a) Bought machinery on credit	
b) Withdrew cash from the business for personal use.	
c) Purchased stock in cash	
d) Paid outstanding loan by cheque	

23. Identify the types of ledger in which each of the following accounts would be found . (4mks)

Account	Type of ledger
a) Otieno (buyer)	
b) Carriage outwards	
c) Mueni (supplier)	
d) Cash at bank	

24) List four sources of business ideas. (4mks)

- a)
- b)
- c)
- d)

25. Outline four factors that a firm may consider when deciding on what goods and services to

Produce. (4mks)

- a)
- b)
- c)
- d)

KCSE PREDICTOR 3

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BUSINESS STUDIES

Paper 2

Time: 2 Hours

- 1 (a) Outline five documents which are required to be filed with the registrar of companies to facilitate the registration of a company.
(10mrks)
- (b) Explain five functions of an office.
(10mrks)

- 2 (a) Muthomi is a trader at Nkubu market who sells carrots, Explain any five factors that could positively affect the quantity of carrot he supplies in the market. (10mrks)
- (b) The following information was extracted from the books of Igoji Traders on 31st December 2014.

Details.	Ksh.
Sales	84,000
Purchases	58,800
Opening stock	15,700
Stock on 31/12/2014	13,000
Return out	1,500
Return in	9,000

Required:

- (i) Prepare Igoji Traders Trading account for the period ending 31st December 2014. (5mrks)
- (ii) Work out IgojiTraders percentage mark up.
(2mrks)
- (iii) Calculate Igoji traders rate of stock turnover.
(3mrks)
- 3 (a) Explain five features of an oligopoly. (10mrks)

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- (b) Explain five insurance policies that the owner of budget supermarket may find useful for the business. (10mrks)

- 4 (a) Outline five differences between department stores and chain stores. (10marks)

- (b) The following balances relate to wangu furniture enterprise as at 31st December 2008.

Machinery.	1,240,000
Stock	190,000
Debtors	150,000
Motor vehicle	1,000,000
Cash	130,000
Drawings	550,000
Creditors	170,000
Bank overdraft	90,000
15 yrs bank loan	1,300,000
Capital	1,400,000
Net profit	300,000

Prepare a balance sheet as at 31st December 2008 showing:
(10mrks)

- i) Net capital
- ii) Total current asset.
- iii) Total current liabilities
- iv) Total fixed assets.

- 5 (a) Explain Five elements of communication. (10mrks)

- (b) As at 1st June 2007, the cashbook of Kingara traders showed the following balance.

	Ksh.
Cash	10,000
Bank	4500(cr)

During the month, the following transactions took place:

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mwalmuepublishers@gmail.com

June3: Kichwa a debtor settled his account of Ksh. 8000 by cheque of Ksh. 7500.

June 6: Paid wages by cash ksh.4000.

June10: Deposited Ksh.4000 into the business bank account from the cash till.

June15: Settled Wanjirus account of Ksh.5000 and was allowed a discount of 1%.

June20: Cash sales 90000

June24: Susan a debtor settled her account by cheque of Ksh.4000 having been allowed a
Discount of 20%.

June 27: Purchased equipment ksh.3000 and paid by cheque.

June29: Received Ksh.3000 cash from wariso.

June30: Banked all the available cash except Ksh.4500.

Required: Prepare a three column cash book for the month.
(10mrks)

- 6 (a) Explain five circumstances that may lead to existence of a business opportunity to be exploited by the entrepreneur. (10mrks)
- (b) Neema roses is a horticultural company producing flowers, explain five factors that may influence the choice of a channel for distributing its flowers. (10mrks)

KCSE PREDICTOR 4

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BUSINESS STUDIES

Paper 1

Time: 2 Hours

1. Identify the book of original entry in which each of the following transactions would be recorded.

(4 marks)

	Transaction	Book of original entry
•	Received cash sh. 25,000 from Kamau, a debtor.	
•	Goods previously sold are now returned by Wanjohi, a debtor, sh. 2000	
•	Bought furniture on credit sh. 50,000	
•	Sold goods worth sh. 8000 on credit to James	

2. Highlight **four** differences between a savings account and a current account. **(4 marks)**

3. State **four** duties of customs officials in the bonded warehouse.

(4 marks)

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4. The following information relates to Malindi traders for the year 2012.

Turn over	Shs. 540,000
Margin	40%
Rate of turnover	6 times
Expenses	Sh. 80,000

From the above information, calculate:-

- Gross profit
- Cost of goods sold
- Net profit
- Average stock

(4 marks)

5. Isaac has just completed his studies and would like to start a business. Highlight four factors that would influence him to locate his business near the market. (4 marks)

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6. Outline **four** disadvantages of automatic vending machines. **(4 marks)**

7. Highlight **four** factors that may influence a shift in supply curve to left. **(4 marks)**

8. State the effect of the following transactions on the capital indicating either “increase, decrease, or no effect” **(4 marks)**

	Transaction	Effect on capital
Dec. 21	Owner converted personal property to business property worth sh. 15,000	
Dec. 23	Received a cheque for sh. 15,000 being amount borrowed from a lending institution	

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Dec. 25	Business made a profit of sh. 100,000	
Dec 28	Owner took cash sh. 7000 from business for his own personal use.	

9. Highlight **four** factors to consider when selecting a means of reproducing documents

(4 marks)

10. State **four** ways in which a society benefits from indirect product.

(4 marks)

11. Outline **four** ways in which the utility of a commodity can be increased.

(4 marks)

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12. Highlight **four** roles played by stock exchange market in the economy. **(4 marks)**

13. Highlight **four** types of direct tax. **(4 marks)**

14. Outline **four** benefits of export processing zones to the economy. **(4 marks)**

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15. Classify each of the following items of government expenditure as either development or recurrent.

(4 marks)

	Item	Recurrent	Development
•	Purchase of medicine for hospitals		
•	Construction on of a new road		
•	Payment of soldiers' salaries		
•	Purchase of machinery for road construction		

16. In the course of preparing her balance sheet as at 31st December 2014, Joyce found that she had capital amounting to sh. 240,000 in her business. During the year, investments to totalled to sh. 100,000 while drawings were sh. 112,000. Calculate her initial capital as at 1st January 2014 if the profit was sh. 76,000.

(4 marks)

17. Outline **four** circumstances under which a co-operative society may be dissolved. (4 marks)

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18. State **four** disadvantages of railway transport.

(4 marks)

19. Outline **four** roles of filing in an office.

(4 marks)

20. Highlight **four** advantages of a bill of exchange

(4 marks)

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21. State **four** disadvantages of written communication.

(4 marks)

22. Highlight **four** functions of advertising agencies.

(4 marks)

23. Outline **four** challenges of young population.

(4 marks)

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24. State **four** accounting errors that may not be disclosed by the trial balance. **(4 marks)**

25. Highlight **three** causes of demand pull inflation. **(4 marks)**

KCSE PREDICTOR 4

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BUSINESS STUDIES

Paper 2

Time: 2 Hours

1. (a) Explain **five** reasons for trade restriction by a country. (10 marks)
- (b) With the help of a diagram explain the circular flow of income in a two sector economy. (10 marks)
2. (a) Explain **five** principles of public expenditure that must be considered before any expenditure can be incurred by the government. (10 marks)
- (b) The following balances relate to Kilindini traders as at 31st July 2014.

	Shs.
Stock 1/8/2013	60,000
Salaries	140,000
Creditors	70,000
Capital	1,400,000
Purchases	300,000
Rent	20,000
Insurance	80,000
Debtors	120,000
Sales	700,000
Stock (31/7/2014)	40,000
5 year bank loan	400,000
Returns inwards	30,000

Required:-

- i) Prepare a trading and profit and loss account for the year ending 31st July 2014.

(5 marks)

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ii) Calculate the following ratios

Margin (1 mark)

Rate of stock turn over (2 marks)

Return on capital (2 marks)

3. (a) Explain **five** causes of unemployment. (10 marks)

(b) Explain **five** circumstances under which a pro-forma invoice may be used. (10 marks)

4. (a) Explain **five** measures that can be used by an office to safeguard the property of the organization. (10 marks)

(b) Explain **five** ways in which the government may promote local trade. (10 marks)

5. (a) Explain **four** ethical issues in product promotion. (8 marks)

(b) On 1st September 2013 Thika Traders had cash in hand sh. 560,000 and a following transaction took place during the month.

Sept. 8 Paid the following creditors by cheque after deducting 10% discount in each case:-

Benson sh. 140,000

Martha sh. 98,000

Sept 13 Settled Kimani's account sh. 70,000 by cheque after deducting 10% cash discount.

Sept 17 Received cheques from the following debtors after deducting 10% discount in each case:-

Mwanaisha s h. 350,000

Fatma sh. 105,000

Sept 24 Received the following cheques from debtor after having deducted cash discount of 2% in each case:-

Josephine sh. 411,600

Damaris sh. 123,480

Sept 28 received the following amounts in cash from debtors handing deducted cash discount of 2%

James sh. 82,320

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Faith sh. 246,960

Required:-

Record the above transactions in a **three** column cashbook and balance it off at the end of the month.

(12 marks)

6. (a) Explain **five** fiscal policy measures that can be used to control inflation. **(10 marks)**

(b) Explain **five** circumstances under which face to face communication would be preferable to a firm. **(10 marks)**

KCSE PREDICTOR 5

565/1

BUSINESS STUDIES

Paper 1

Time: 2 Hours

Answer all the questions in the spaces provided.

1. State four external factors that may adversely affect the efficient operations of a business enterprise.4 mks

-
-
-
-

2. Likoni traders a newly established firm has constructed an office block. Outline four factors that will be considered when deciding on the type of office layout.4mks

- i)
...
- ii)
...
- iii)
...
- iv)
...

3. State the document used for the following function.4mks

4. To inform a buyer that his or her account has reduced by a certain amount

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.....
5. To request a supplier to provide a particular service to a customer
.....

6. To determine the credit worthiness of a customer
.....

7. To show that transport has been hired to deliver specified goods to a particular buyer
.....

4. Classify each of the following accounts in the table below as either real, nominal, or personal

4mks

Account	Classification
Assets	
Income	
Provision	
Amount allowed	

5. The demand for oranges doubled even if the price of the oranges remained the same over the same period. State four factors that may account for this. 4mks

-
-
-
-

6. Joshua insured his vehicle against theft, later the vehicle was stolen in a parking bay. Outline the procedure he would follow when making insurance claim for his vehicle. 5mks

.....
.....
.....

7. Highlight four benefits of transporting oil from Turkana to Mombasa by pipeline. 4mks

-
-
-
-

8. List four drawbacks of verbal communication in an organization. 4mks

-
-
-
-

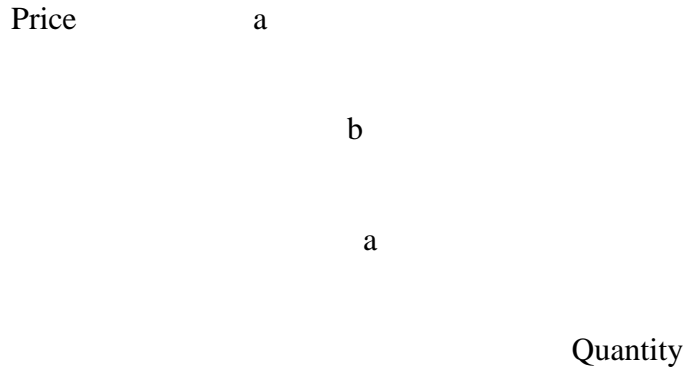
9. Identify four ways through which the government encourages establishment of industries throughout the country. 4 mks

-
-
-
-

10. List four factors that adversely affect the functioning of a warehouse. 4mks

- ix)
- x)
- xi)
- xii).....

11. Use the diagram below to answer the questions that follow. 3mks



- Identify the market structure to which the diagram above belongs.....
- Curve labeled a-a.....
.....
- Name the part labeled b.....

12. Outline four factors that hinder entrepreneurship in Kenya. 4mks

-
-
-
-

13. Outline four benefits that Kamau would get for being a member of SACCO.4mks

- e)
- f)
- g)
- h)

14. Kenya is one of the countries experiencing unemployment problems. Identify four causes of the problem.4mks

-
-
-
-

15. Outline four characteristics of direct production 4mks

- 26.
- 27.
- 28.
- 29.

16. Highlight four reasons why a firm may choose to remain small. 4mks

- (a)
- (b)
- (c)
- (d)

17. Outline four reasons why ethical practices are necessary in product promotion. 4mks

- 2
- 3
- 4
- 5

18. Highlight four factors that may lead to low level of national income. 4mks

-
-

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

-
-

19. Outline four reasons that make it difficult to satisfy all our wants.4mks

-
-
-
-

20. The following information has been extracted from the books of Akili as at 30th june 2001

Land and building	235,000
Machinery	142,000
Motor vehicle	198,000
Debtors	25,000
Capital	330,000
Creditors	50,000
Bank overdraft	200,000
Net profit for the year	62,000

From the information above, calculate Akili's drawings for the year.4mks

21. Nyundo had the following assets and liabilities on 1st march 2006.

Capital	120,000
Machinery	80,000
Creditors	10,000
Debtors	20,000
Stock in trade	25,000
Cash at bank	5,000

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On 2nd march he had the following transactions;

Purchased goods for 15,000 on credit.

Received a cheque of 10,000 from a debtor.

Sold machinery for 90,000 in cash.

Prepare his balance sheet on 2nd march, 2006.4mks

22. Mention four purposes of preparing a trial balance.4mks

1.
2.
3.
4.

23. Outline four factors that may cause the capital of an ongoing business to change. 4mks

-
-
-
-

24. Yogen had the following transactions with a creditor, Sulem, 2017

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June 1 Balance from May 14,000

2 Bought stock from Sulem on credit Kshs. 80,000

4 Returned faulty goods to Sulem Kshs. 2,000

7 Paid Sulem the debt by cash less 2% discount.

Prepare Sulem's account as it would appear in the books of Yogen. 4mks

25. In the two column cash book given below, enter the missing figures. 4mks

**Waria Traders
Two Column Cash Book
For The Month of July, 2008**

	s				s		
May 1	ce b/d			May 1	ce b/d		
)		ases		
	rs			0	ors)
	c'			8	c'		
	ment)		1	d		
))))

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

KCSE PREDICTOR 5

565/2

BUSINESS STUDIES

Paper 2

Time: 2 Hours

- 1) a) Explain five features that differentiate a public company from a public corporation.(10marks)
- b) Jambo Tena enterprises had the following balances in the cash book on 1st November, 2018. Cash at hand shs. 10,000 and bank shs. 150,000
- xiii) Bought buildings paying by cheque shs. 50,000
 - xiv) Drew shs. 4,000 from Bank for office use.
 - xv) Took cash shs. 1,000 for his personal use
 - xvi) Credit sales to Jema traders shs. 5,000
 - xvii) Took all the cash to the bank leaving a balance of only shs. 100
- Required:** prepare duly balanced a two column cash book.
- 2) a) Explain **five** emerging issues in office management. (10marks)
- b) Explain five circumstances under which a partnership may be dissolved (10mks)
3. a) Explain five circumstances under which a manufacturer would prefer to sell his products direct to consumers instead of selling through middlemen.(10 marks)
- b) Explain five factors to consider when choosing a method of promoting products.(10 marks)
4. (a) In most secondary schools in Kenya, members of staff are accommodated in one large room. Explain **five** disadvantages associated with this kind of arrangement.(10mks)
- (b) Explain Five benefits of warehousing to consumers (10 marks)
5. a) Explain five uses of National Income Statistics (10mks)
- b) i) Explain four insurance policies that the owner of a supermarket may find useful for the business. 8mks
- ii) A farmer's house valued at Ksh. 1,200,000 was insured against fire for ksh. 900,000. Fire occurred and damaged the house causing a loss of ksh. 500,000. Determine the value of compensation due to the farmer. (2mks)
6. a) The accounts of Maneno Traders showed the following balances as at 31st December 20-2. Required: Balance off the accounts and extract a trial balance (10 Mks).

Land and Buildings Account

Dr

Cr

	ulars		nt		ulars		nt
--	-------	--	----	--	-------	--	----

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			00				

Motor Cars Account

Dr

Cr

	ulars		nt		ulars		nt
			00				

Cash Account

Dr

Cr

	ulars		nt		ulars		nt
			30,000		ases		
			5,000		ors		
			3,000				

Creditors Account

Dr

Cr

	ulars		nt		ulars		nt

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--	--	--	--	--	--	--	--

Capital Account

Dr

Cr

	ulars		nt		ulars		nt
							00

Sales Account

Dr

	ulars		nt		ulars		nt

b) Highlight **five** factors that may lead to rapid increase in population. (10mks)

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KCSE PREDICTOR 6

565/1

BUSINESS STUDIES

Paper 1

1. Define the following terms as used in satisfaction of human wants (4mks)

a) Scarcity

.....
.....
.....

b) Scale of preference

.....
.....
.....

c) Choice

.....
.....
.....

d) Opportunity cost

.....
.....
.....

2. Currently, many businesses are conducting trade online. Give **four** advantages of this trend (4mks)

a)

b)

c)

d)

3. Highlight **four** reasons why consumer cooperative societies are not popular in Kenya (4mks)

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- a)
- b)
- c)
- d)

4. State **four** circumstances under which a manufacturer would transport products using a container (4mks)

- a)
- b)
- c)
- d)

5. Highlight **four** functions of advertising agencies in creating product awareness (4mks)

- a)
- b)
- c)
- d)

6. State **four** assumptions in the circular flow of National Income in a two sector economy (4mks)

- a)
- b)
- c)
- d)

7. Outline **five** steps that are followed when opening a ledger account (5mks)

- I.
- II.
- III.
- IV.
- V.

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8. Kenya anticipates attaining certain development milestones by the year 2030. State **four** development goals the country desires to achieve (4mks)
- a)
 - b)
 - c)
 - d)
9. Highlight **four** principles that every county government must adhere to before incurring any expenditure (4mks)
- a)
 - b)
 - c)
 - d)
10. Outline **four** ways of classifying goods in an economy. (4mks)
- a)
 - b)
 - c)
 - d)
11. 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)
- a)
 - b)
 - c)
 - d)
12. Apart from the price mechanism, identify **three** other ways in which the prices of goods and services can be determined in an economy. (3mks)
- a)
 - b)
 - c)

13. Highlight **four** ways through which communication can be improved in an organization

(4mks)

- a)
- b)
- c)
- d)

14. 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.		

15. Outline **four** advantages of using a credit card when purchasing goods and services. (4mks)

- a)
- b)
- c)
- d)

16. 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)

17. 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)

18. Highlight **four** factors that may negatively influence entrepreneurship practices in Kenya. (4mks)

- e)
- f)
- g)
- h)

19. State **four** features of a chain store. (4mks)

- a)
- b)
- c)
- d)

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20. Highlight **four** importance of warehousing to a consumer. (4mks)

- a)
- b)
- c)
- d)

21. Highlight **four** circumstances under which a producer would prefer to sell goods through a wholesaler. (4mks)

- a)
- b)
- c)
- d)

22. 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				

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

- a)
- b)
- c)
- d)

24. 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.		

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

- a)
- b)
- c)
- d)

KCSE PREDICTOR 6

565/2

BUSINESS STUDIES

Paper 2

Time: 2 Hours

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.

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(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

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Furniture	50,000		
Land	155,000		
Premises	110,000		
Debtors	40,000		
Creditors	_____	s	<u>70,000</u>
	<u>770,000</u>		<u>770,000</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)

KCSE PREDICTOR 7

565/1

BUSINESS STUDIES

Paper 1

Time: 2 Hours

1). Outline four features of Basic wants (4mks)

- a)
- b)
- c)
- d)

2). Name the type of warehouse associated with each of the statement given below (4mks)

Statement	Type of warehouse
a). Good can be stored before payment of custom duties	
b). Individual can hire storage facilities	
c). goods are stored from several manufacturers	
d). Specialized goods are stored	

3. Highlight four characteristics of monopolistic competitive market (4mks)

- a).
- b).
- c).
- d).

4). The following balances were extracted from The books of Gaitu Traders for the month ended on 31st march 2005,

Sh.

Sales 420,000

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

Purchases	240,000
Motor van	300,000
Equipment	120,000
Debtors	80,000
Creditors	40,000
Expenses	160,000
Capital	440,000

Prepare trial balance for Gaitu Traders as at 31st march 2005.

(4mks)

5). Outline four benefits that Kenyan government from may get as a member of common market for Easter and Southern Africa (COMESA) (4mks).

- a).
- b).
- c).
- d).

6). Highlight Four circumstances under which a seller may offer after sales service to the buyer (4mks)

- a).
- b).
- c).
- d).

7). Highlight four indicators of economic growth that may be observed as a country progresses (4mks)

- a).
- b).
- c).

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d).

8). Outline four ways in which internal environment may contribute to success of a business (4mks)

a).

b).

c).

d).

9). Highlight four principles of a co-operative society (4mks)

a).

b).

c).

d).

10). Mobile phones have become a common means of communication in Kenya today. State four challenges that a trader may encounter when using mobile phones (4mks)

a).

b).

c).

d).

11). State four ways in which a youthful population may be useful to Kenyan economy (4mks)

a).

b).

c).

d).

12). State four characteristic of money (4mks)

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- a).
- b).
- c).
- d).

13). Outline four principles of public expenditure. (4mks)

- a).
- b).
- c).
- d).

14). On 2nd November 2006 Kinoti received an invoice of Ksh. 12,000. Terms of payment were trade discount 5% and cash discount of 10% if payment is made within 30 days. Determine the amount paid if payment was made on 28th November 2006. (4mks)

15). Outline four characteristics of property insurance (4mks)

- a).
- b).
- c).
- d).

16). Highlight four factors that may cause supply curve to shift to the right (4mks)

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

- a).
- b).
- c).
- d).

17). List four features of a good filing system (4mks)

- a).
- b).
- c).
- d).

18).The following information relates to Khadija wholesalers. Capital at the end of the year 2016 was sh. 190,000, profit sh, 20,000, additional investment sh, 75,000 and drawings were sh.5000. Calculate Khadija wholesalers' initial capital.

19). Kenya has recently discovered crude oil in turkana. Outline four advantages of transporting the oil through pipeline (4mks)

- a).
- b).
- c).
- d).

20. The table shows some occupation in production .Indicate the level of production associated with each of the following occupations. (4mks)

Occupation	Level of production
a) mining	
b) oil refining	
c) insurance	
d) Teaching	

21). Highlight four benefits that would accrue to a firm located near other existing firms. (4mks).

- a).
- b).
- c)
- d).

22). State four roles of intermediaries in the chain of distribution. (4mks)

- a).
- b).
- c)
- d).

23). Outline four benefits of a business plan to an entrepreneur (4mks)

- a).
- b).
- c)
- d).

24). The following balances were extracted from the books of Kinja traders as at 31st December 2005.

	Sh.
Current liabilities	150,000
Net profit	50,000
Total Assets	500,000
2years Bank loan	100,000

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Calculate the rate of return on capital

(5mks)

25). Outline three monetary policy tools used by the central bank to control inflation. (3mks)

a).

b).

c).

KCSE PREDICTOR 7

565/2

BUSINESS STUDIES

Paper 2

Time: 2 Hours

1. a). Explain five factors that may promote entrepreneurship in Kenya (10mks).
b). Explain five causes of balance of payments disequilibrium (10mks)

2. a). Explain five features that would be considered when establishing a warehouse for imported goods (10mks)
b). On 1st September 2015, Kakamega Traders had shs55, 000 in hand and shs 250,000 in Bank. During the month, the following transactions took place. (10mks)

Sept: 2: cash sales were banked shs. 35,260.
3: Bought ribbons in cash shs. 4,500.
8: Paid Wangila creditor shs. 94, 000 by cheque,
In full settlement of his account after deducting 6% cash discount.
12: received a cheque for shs. 59,800 from macharia after allowing him cash discount of shs. 1,200
15: Paid salaries of shs 34,000 in cash.
25: withdrew shs. 50,000 from bank for office use.
28: Wanjiku a debtor paid her account of shs. 75,000 by cheque less 10% cash discount
30: Deposited all the cash into the bank except shs. 13,700.

Required: Prepare Kakamega Traders 3 –column cash book and balance it off (10mks)

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

3. a). Explain five benefits that a private limited company may enjoy by changing to a public limited company
(10mks)
- b). Explain the functions of the following documents as used in home trade (10mks)
- i). Invoice
 - ii). Debit note
 - iii). Credit note
 - iv). Receipt
 - v). Statement of account
4. a). Explain any five sources of monopoly power in a monopoly (10mks)
- b). Explain five benefits that Kenya enjoys by being a member of the African development Bank
(10mks)
5. a). Outline any five principles of insurance
(10mks)
- b). The following trial balance relates to XYZ ltd.
- XYZ limited
Trial Balance
As at 31st Dec. 2013.

Details

Dr

CR

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

	Kshs	Kshs
Capital		800,000
Opening stock	200,000	
Purchases	680,000	
Returns	50,000	80,000
Discount	80,000	45,000
Carriage inwards	42,000	
Debtors and creditors	200,000	105,000
Sales		1,200,000
Motor vehicles	750,000	
Furniture and fittings	250,000	
Rent	50,000	60,000
Bank overdraft		42,000
Carriage outwards	30,000	

Additional information:

Closing stock was valued at shs. 80,000

Required:

Prepare XYZ limited Trading, profit and loss account (10mks).

6. a). Unemployment has been major problem that the Kenyan government has been trying to solve. Explain any five measures that the Kenyan government has taken to solve this problem (10mks).
- b). Explain any five sources of public finance (10mks)

KCSE PREDICTOR 8

565/1

BUSINESS STUDIES

Paper 1

Time: 2 Hours

1. Highlight four ways in which Kenya may benefit from its natural resources endowment. (4mks)

.....

.....

.....

.....

2. Outline four ways in which commerce satisfies human wants. (4mks)

.....

.....

.....

.....

3. Outline four circumstances that allow existence of monopolies in a country. (4mks)

.....

.....

.....

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

4. The table below shows the source documents and their corresponding books of original entry. Identify the correct book of original entry for each case.

Source Document	Book of Original entry
i) Incoming invoice	
ii) Outgoing receipt	
iii) Incoming Credit Note	
iv) Outgoing Credit Note	

(4mks)

5. State four negative effects of unemployment.

(4mks)

.....

.....

.....

.....

6. Outline four circumstances under which a manager of a company may use downward communication.

(4mks)

.....

.....

.....

.....

7. Highlight four factors that a producer considers before choosing a channel of distribution.

(4mks)

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FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

8. The following information relate to meru traders for the year ended 31 December 2017.

Sales	1000,000.
Opening stock	100,000.
Closing stock	200,000.
Gross profits.	200,000

Calculate rates of stock turnover. (4mks)

9. State whether the following represent injection into or leakages from the circular flow of income.
(4mks)

	Item	Injection/leakages
a)	Savings	
b)	Taxes	
c)	Government expenditure	
d)	Investment	

10. Name the factor of production that each of the following resource relate to (4mks)

	Resource	Factor of production
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FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

a)	Manager	
b)	Equipment	
c)	Farmer	
d)	River	

11. Outline four factors to be considered when choosing a means of reproducing documents in an office. (4mks)

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12. Outline four advantages of after sale services as a method of sales promotion to a customer. (4mks)

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13. Outline four benefits of the newly constructed standard gauge railway line to Kenya's economy. (4mks)

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14. In the spaces provided, indicate the account to be debited and to be credited in the following transactions. (4mks)

	Transaction	A/C DEBITED	A/C CREDITED
a	Bought machine in cash		

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

b	Started business with sh.30,000 in cash		
c	Took sh.20,000 cash from business for personal use		
d	Credit sales of old machine to Kamau		

15. The following balances were extracted from the books of kumi kumi traders on 31st dec.2018.

Gross profit	ksh.80,000
Rent	8,000
Discount received	2,000
Salaries	10,000
Discount allowed	5,000
Commission received	3,000
Maintenance expense	9,000
Debtors	10,000
Creditors	12,000

Required: prepare kumi kumi traders profit and loss account for the year ended 31 Dec 2018.
(4mks)

16. Highlight four limitations of barter trade system.
(4mks)

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17. On 4th Feb 2018 Chari bought goods worth ksh.12000.Terms of payment were, trade discount 5% and cash discount 10%. If payment is made within 30 days. If Chari paid on 27th Feb 2018 determine the amount he paid. (4 mks)

18. Indicate whether each of the following business transaction will increase, decrease or have no effect on balance sheet totals.

	Transaction	Effect
i)	Buying stock in cash	
ii)	Buying stock on credit	
iii)	Withdrawing cash from bank for personal use	
iii)	Received cash from a debtor	

19. Highlight four purposes of public finance (4mks)

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FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

20. Name the type of insurance policy described by the following statements.
(4mks)

	Statement	Type of policy
a)	Cover losses caused by employees dishonesty/fraud	
b)	Protects employees against injuries while at work.	
c)	Cover damage on motor vehicle, other people and property caused by the vehicle.	
d)	Cover claims by the members of public against a business	

21. State four ways in which the nature of goods would influence the choice of transport means.
(4mks)

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22. Identify the type of utility created from the following activities

	ACTIVITY	TYPE OF UTILITY
a.	Crushing sugarcane to make sugar	
b.	Transporting sugar from the factory to the supermarket	

c.	keeping sugar in a warehouse	
d.	Selling sugar in a supermarket	

23. State four factors that influence the location of a firm (4mks)

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24. Highlight four ways in which running public corporation may be improved. (4mks)

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25. Highlight four benefits of using Electronic filing system in an office. (4mks)

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KCSE PREDICTOR 8

565/2

BUSINESS STUDIES

Paper 2

Time: 2 Hours

1. a) Explain five features that differentiate a public corporation from a private limited company form of business unit. (10 marks)
- b) Kapa Oil Manufacturers have decided to eliminate wholesalers in their chain of distribution. Outline five possible effects that would result if wholesalers were eliminated. (10 marks)
2. (a) Some developed countries have a huge population made up of ageing persons. Explain five Problems this situation could present to such countries. (10 marks)
- (b) Khwesa Traders had the following balances as at 31st December 2014.

Item	Shs.
Building	540,000
Bank loan	472,000
Debtors	116,900
Creditors	227,000
Furniture	408,170
Gross profit	520,600
Motor vehicle	900,000
Discount allowed	142,000
Lighting	25,200
Interest on loan	1,200
Closing stock	72,500
Rent received	120,000
Repairs on buildings	60,000
Repairs on furniture	72,030
Repairs on motor vehicle	300,000
General expenses	102,100

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

Capital 1,400,000

Prepare:

- (a) Profit and Loss Account for the year ended 31/12/2014.
(b) Balance sheet as at 31/12/2014. (10 marks)

3. a) The saga of contaminated sugar and plastic rice has raised many questions in the economy. Describe five roles of the Kenya Bureau of standards (KEBS) in consumer protection in order to curb such commodities in the market. (10mks)

b) Explain five measures that the government can take so as to improve the efficiency of the road transport system in the country. (10mks)

4. (a) VP Shah shop sells all its goods at a margin of 20%. For the year ended 30th April 2006, the trading activities were as follows.

Purchases	sh.	80,000
Sales profit	sh.	950,000
Net profit	5% of sales	
Closing stock	sh.	200,000

Calculate

- a) The gross profit (2 marks)
b) The opening stock (4 marks)
c) Mark up percentage (2 marks)
d) The net profit. (2 marks)

(b) Explain five reasons that justify why the Kenyan Government is emphasizing on promoting entrepreneurship in Kenya. (10 marks)

5. (a) In most secondary schools in Kenya, principals are accommodated in their own offices. Explain five disadvantages associated with this kind of arrangement. (10 marks)

(b) The following were the balances of Kiboko Traders as at 1st January 2009. Cash Sh.40,000, bank overdraft Sh.17,000. During the month the following transactions took place.

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

January

- 2nd: Mutiso a debtor settled his account of Sh.32, 000 by cheque of Sh.30,000
- 4th: Paid salaries amounting to Sh.16, 000 by cash.
- 10th: Deposited Sh.12, 000 into the business bank account from the cash till.
- 14th: Settled Wayua's account of Sh.40, 000 and she was allowed a discount of 1% through a cheque.
- 16th: Deposited Sh.56, 000 in the bank from private resources.
- 17th: Sold goods for cash Sh.24, 000.
- 20th: Mutua, a debtor, settled his account by a cheque of Sh.16, 000 having been allowed a discount of 2%.
- 24th: Purchased furniture Sh.10, 400 paying by cheque.
- 26th: Received Sh.7, 200 cash from Odhiambo.
- 30th: Banked all the available cash except Sh.3200.

Required: Prepare three column cash for Kubuka Traders (10 marks)

6.a) Kenya is in the process of developing a standard gauge railway line from Mombasa to Malaba. Explain **five** benefits that a trader in Malaba will enjoy from this modern railway line.

(10 marks)

(b) Outline five tools of monetary policy used by central bank (10 marks)

KCSE PREDICTOR 9

565/1

BUSINESS STUDIES

Paper 1

Time: 2 Hours

1. State four elements of economic environment which affect business positively.(4mks)

a) _____

b) _____

c) _____

d) _____

2. Outline four reasons which make it difficult to satisfy human wants .

a) _____

b) _____

c) _____

d) _____

3. Give four reasons why Kenya has few entrepreneurs.(4mks)

a) _____

b) _____

c) _____

d) _____

4. Outline four reasons why the government may train traders.(4mks)

a) _____

b) _____

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

c) _____

d) _____

5. Name four recent trends in the transport sector in Kenya.(4mks)

a) _____

b) _____

c) _____

d) _____

6. State four benefits of advertising products in the face book.(4mks)

a) _____

b) _____

c) _____

d) _____

7. Outline four factors which cause supply curve to shift to the left.(4mks)

a) _____

b) _____

c) _____

d) _____

8. State the effect of the following transactions on the balance sheet totals.(4mks)

a) Payment to a creditor-

b) Receipts _____ from _____ a
debtor _____

c) Addition _____ of
capital _____

d) Purchase _____ of _____ an _____ asset _____ on
credit _____

9. Give four errors that will make trial balance totals not to agree.(4mks)

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

- a) _____
- b) _____
- c) _____
- d) _____

10. Give four external diseconomies of scale.(4mks)

- a) _____
- b) _____
- c) _____
- d) _____

11. Give four features of monopoly.(4mks)

- a) _____
- b) _____
- c) _____
- d) _____

12. Outline four limitations of national income statistics as a measure of the standards of living.(4mks)

- a) _____
- b) _____
- c) _____
- d) _____

13. Outline four problems associated with under population.(4mks)

- a) _____
- b) _____
- c) _____
- d) _____

14. Outline four merits of indirect taxes.(4mks)

- a) _____

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

- b) _____
- c) _____
- d) _____

15. Outline four challenges that faces direct production.(4mks)

- a) _____
- b) _____
- c) _____
- d) _____

16. Outline four features of fixed deposit account.(4mks)

- a) _____
- b) _____
- c) _____
- d) _____

17. Outline four measures that central bank may put in place to reduce high inflation in a country.(4mks)

- a) _____
- b) _____
- c) _____
- d) _____

18. Outline four problems experienced by the East African Community.(EAC). (4mks)

- a) _____
- b) _____
- c) _____
- d) _____

19. The following information relates to Mwangi Traders for the period ended 31st March 2018.

	Shs.
Sales	1,000,000
Opening Stock	100,000

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

Closing Stock 25% of cost of goods sold

Gross profit Margin 20%

Prepare a trading account of Mwangi Traders for the period ended 31st March 2018.(4mks)

20. State four benefits of electronic filing. {4mks }

- a) _____
- b) _____
- c) _____
- d) _____

21. Under what four circumstances would deferred payment be appropriate.(4mks)

- a) _____
- b) _____
- c) _____
- d) _____

22. Outline four benefits that accrue to a person who joins savings and credit co-operative Society.(4mks)

- a) _____
- b) _____
- c) _____
- d) _____

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

23. For each of the following transactions below indicate in the spaces provided the source document from which the transaction would be recorded.

Transactions	Source Document
a) Sales of goods on credit	
b) Purchase of goods on credit	
c) Goods returned	
d) Correction of an undercharge	

24. Identify the insurance terms described below:

Description	Term
An interim document issued to the insured after payment of the first premium	
Amount refundable to the assured on terminating a life policy prematurely	
Restoration of the insured who suffers Loss to his former financial position	
Insurance Company insuring itself with another insurance Company	

25. The following transactions relates to Patel traders as at 31.Dec.2017.

Bank overdraft	-	100,000
Rent received	-	200,000
Salaries	-	100,000
Creditors	-	50,000
Cash	-	40,000
Discount allowed	-	40,000
Discount received	-	30,000
Commission allowed	-	30,000
Commission received	-	10,000
Furniture	-	150,000
Drawing	-	10,000
Return outwards	-	50,000

Required: A trial balance

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

KCSE PREDICTOR 9

565/2

BUSINESS STUDIES

Paper 2

Time: 2 Hours

- 1a) Explain five limitations of small scale retailers.
b) African countries are considered to be underdeveloped. Explain five characteristics of such countries.
- 2a) Explain five factors that may lead to high consumptions of fruits.
b) Explain five benefits of insurance industry to the economy.
- 3a) Explain five challenges that a trader who relies on rented warehouse may experience.
b) The following information was extracted from the books of Economy traders in the month of March 2017.
- 1/3 Cash in hand 40,000 and bank overdraft 12,000.
3/3 Cash sales paid direct to the bank Shs.7,000.
5/3 Credit sales to Mugo Shs.10,000.
7/3 Received a cheque of Shs,9,000 from a debtor in full settlement of his account of Shs.10,000.
8/3 Deposited Shs.3,000 from cash till into the business bank account.
9/3 Paid for repairs in cash Shs.1,200.
10/3 Mwala a debtor settled his account of Shs,25,000 by cheque less 3% cash discount.
20/3 Withdrew Sh.1,300 from bank for personal use.
29/3 Deposited all cash except Shs. 2,300.

Required:

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

- 4a) Explain five factors that will motivate an entrepreneur to implement a business idea.
b) Explain five reasons why the government requires public finance.
- 5a) Outline five differences between a partnership and a cooperative society.
b) Describe five methods that can be used to discourage trade between two countries.
6a) Explain five benefits of national income statistics to a country.
b) The following trial balance was extracted from the books Kieni traders as at 31st Dec 2017.

Kieni Traders

Trial balance

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

As at 31st Dec 2017

Details	Dr	Cr
Fixed Assets	292,600	
Current Assets	78,000	
Rent Income		23,000
Discount	3,000	2,000
General Expenses	89,000	
Carriage inwards	28,000	
Purchases /Sales	280,000	474,000
Returns	4,600	7,000
Stock 1/1/2017	460,000	
Drawings	33,000	
Current Liabilities		53,000
Capital		709,200
	1,268,200	1,268,200

Stock on 31st Dec, 2017 was Shs,54,000.

Required:

- i) Prepare trading, profit and loss account for the year ending 31st Dec 2017.(8mks)
- ii) Calculate working capital.(2mks)

KCSE PREDICTOR 10

565/1

BUSINESS STUDIES

Paper 1

Time: 2 Hours

1. Identify four roles that equipments play in an office. (4 marks)
 - a.
 - b.
 - c.
 - d.

2. Highlight four internal weaknesses that may affect business performance (4 marks)
 - a.
 - b.
 - c.
 - d.

3. Identify four common means of verbal communication (4 marks)
 - a.
 - b.
 - c.
 - d.

4. State the type of co-operative society that fits the description given below (4 marks)

DESCRIPTION	TYPE OF CO-OPERATIVE
a. A co-operative formed to improve production and selling of goods by members	
b. An association of buyers formed to be buying goods in bulk and selling at fair prices	

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<p>c. An association of persons who save regularly and obtain loans at low interest</p> <p>d. Formed by members who save into a common pool and funds using to construct houses for members</p>	
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5. Outline four principles that guide a government in collecting and spending public finance (4 marks)
- a.
 - b.
 - c.
 - d.
6. Highlight four disadvantages of monopoly markets (4 marks)
- a.
 - b.
 - c.
 - d.
7. Identify four factors that may cause demand- pull inflation too occur in a country (4 marks)
- a.
 - b.
 - c.
 - d.
8. State four problems facing small scale business in Kenya (4 marks)
- a.
 - b.
 - c.
 - d.

9. Identify four differences between trade discount and cash discount in the table below (4 marks)

Trade discount	Cash discount
a.	a.
b.	b.
c.	c.
d.	d.

10. Identify how each of the transactions changes the amount of stock in the stock

Transaction	Effects on stock
a. purchase of goods from suppliers	a.
b. sale of goods to customers	b.
c. sales return by customers	c.
d. purchase returns by suppliers	d.

11. Name four functions of the central bank of Kenya in the economy

- a.
- b.
- c.
- d.

12. Identify four benefits of indirect production to a community (4 marks)

- a.
- b.
- c.
- d.

13. Fill the missing figures in the table below

	Fixed asset	Current Assets	Capital	Liabilities
a.	275 500		315 000	115 500
b.	182 000	108 700		217 100

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c.		76 400	123 100	91 900
d.	313 450	211 340	189 170	

14. Name four measures that a firm can take to improve efficiency of its workers (4 marks)
- a.
 - b.
 - c.
 - d.
15. Outline four ways in which consumers can benefit from services of a warehouse (4 marks)
- a.
 - b.
 - c.
 - d.
16. The following information relates to Ali General Stores for the year ended 31st Dec 2018.
- | | |
|-------------------|-------------|
| Opening stock | shs 24 000 |
| Carriage on sales | shs 12 000 |
| Purchases | shs 370 000 |
| Sales | shs 442 500 |
| Closing stock | shs 40 000 |
- Expenses 10% on gross profit
Prepare Trading profit and loss account for the year ended 31st Dec 2018 (5 marks)

17. State three pieces of information contained in an insurance policy for goods (3 marks)
- a.
 - b.
 - c.
18. Name four types of warehouses. (4 marks)
- a.
 - b.

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

c.

d.

19. Outline four ways in which households contribute to national income in a country (4 marks)

a.

b.

c.

d.

20. Identify four measures taken by government to reduce mortality rate in a country. (4 marks)

a.

b.

c.

d.

21. State four uses of a computer in an organization. (4 marks)

a.

b.

c.

d.

22. Identify four elements of effective communications. (4 marks)

a.

b.

c.

d.

23. Highlight four circumstances under which the capital of a business may change. (4 marks)

a.

b.

c.

d.

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

24. Name four accounting documents that are used in home trade

- a.
- b.
- c.
- d.

25. Identify four contents of a memorandum of association. (4 marks)

- a.
- b.
- c.
- d.

KCSE PREDICTOR 10

565/2

BUSINESS STUDIES

Paper 2

Time: 2 Hours

1. a) Explain **five** methods and legislations which the Kenyan government has put in place to protect consumers. (10 marks)
- b) Explain **five** characteristics of human wants. (10 marks)
2. a) Explain **four** advantages of a bonded warehouse to the importer. (8marks)
- b) On 1st January 2010, Umoja stores had cash in hand Kshs. 30,000 and at bank Shs. 105,000.

The following transactions took place during the month of January 2010

January	1 st	Bought goods in cash	Shs. 20,000
"	2 nd	Paid salaries by cash	Shs. 65,000
"	4 th	Received a cheque from the following debtors after allowing 2% discount in each case Luka Shs. 9,800, Mwengesh Shs. 19,600, Raju Shs. 10,700 and Alice Shs. 24,500	
"	8 th	Paid the following accounts by cheque and in each case deducting 5% discount: Mogi Shs. 30,000, Abdul Shs. 12,000 and Moses Shs. 40,000	
"	10 th	Bought office machinery by cheque	Shs. 50,000
"	13 th	Juma settled his account of Shs. 20,000 in cash having deducted 2% cash discount	
"	15 th	Withdraw Shs. 10,000 for private use	
"	18 th	Paid John Shs. 4,750 in cash having deducted 5% cash discount	
"	22 nd	Cash sales	Shs. 45,000
"	25 th	Received cash Shs. 29,100 from Aberi after having allowed him 30% cash discount	
"	31 st	Banked all the cash except	Shs. 12,000

Required: prepare three column cash book and balance it off (12mks)

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

3. a) Explain **five** benefits of expanding railway transport in Kenya as witnessed in the recent past. (10 marks)
- b) Outline **five** uses of National income statistics to a country. (10 marks)
4. (a) Explain **five** limitations of using posters as a medium of product promotion (10mks)
- (b) Explain **five** benefits that Kenya may realize if economically viable oil deposits were exploited in Turkana County (10mks)
5. a) Explain **five** services offered by commercial banks to their customers. (10marks)
- b) Describe **five** types of unemployment. (10marks)
6. a) Explain any **five** measures a country may adopt to increase its volume of exports. (10 marks)
- b) Explain **five** factors that encourage entrepreneurial development in Kenya. (10marks)

KCSE PREDICTOR 11

565/1

BUSINESS STUDIES

Paper 1

Time: 2 Hours

ANSWER ALL THE QUESTIONS IN THE SPACES PROVIDED

1. Identify the level of production for each of the following activities. (4mks)

	Activity	Level of production
(a)	Painting a house	
(b)	Constructing a road	
(c)	Insuring a car	
(d)	Dress making	

2. Outline **four** reasons why road transport is still the most referred mode of transport from Nairobi to Mombasa despite the introduction of Standard Gauge Railway (4 marks)

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3. Determine the initial capital of ABC business whose details are as follows:

Capital on 31 dec 2001 was shs 120,000

Net loss during the year was shs 70,000

Drawings were shs 20,000 on a quarterly basis

Owner's investment was shs 20,000

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

4. State any **four** functions of the central bank to the commercial banks

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5. The following transactions took place in the business of Onyuma during the month of June 2016.

June 03.2016- office furniture worth 80,000 was sold at 90,000 on credit to Butere restaurant.

June 29.2016- Motor vehicle worth 1000,000 was bought from CMC motors paying 400,000 cash and the rest to be paid later.

6. Outline **four** circumstances under which an insurance company may re-insure (4marks)

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7. State **four** auxiliary services that may attract business enterprises in an area (4 marks)

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

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8. The table below shows the general change of price for a certain commodity over a period of five years.

	Year	Price (Ksh)	CPI
(a)	2008	92.00	-
(b)	2009	100.80	-109.56%
(c)	2010	104.50	-113.59%
(d)	2011	105.30	-114.46%
(e)	2012	101.50	-110.33%

Required:

Using year 2008 as the base year, determine the consumer price index for year 2009, 2010, 2011 and 2012 (4 marks)

9. State any **four** challenges of a population made up of a large proportion of young people

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10. Highlight **four** forms of written communication that the minister of education could use to pass on information (4 marks)

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

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11. Mr. Musee had the following balances in his business on 1st Jan. 2008

Motor van	65,000
Cash at bank	52,400
Machine	6,800
Creditors	15,900
Debtors	30,000
Loan	3,000
Stock	22,600

The following transactions took place in the month of Jan. 2008

Sold stock valued shs. 5000 for shs. 7,500 cash

Exchange the motor van with a tractor valued at shs. 65,000

The debtor paid by cash shs. 10,000

Prepare: Mr. Musee's balance sheet as at 31st Jan. 2008

12. Identify any **four** characteristics of economic resources (4 marks)

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FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

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13 State **four** features that make chain stores very unique (4 marks)

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14. Kenyans are more appealed by loans offered by SACCOs rather than those offered by commercial banks. Outline **four** reasons why this is so (4marks)

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15. Outline **four** challenges that a distributor of fresh milk is likely to face in his operations. (4MARKS)

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16. Outline **four** reasons why billboards have become very common medium of advertising in major urban centres (4 marks)

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17. State **five** ways in which the government finances its expenditure (4mks)

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18. In the recent past there has been development of **malls** in Nairobi. Highlight **four** disadvantages of such **malls**. (4 marks)

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19. Indicate the source document for each of the following books of original entry. (4MARKS)

BOOKS OF ORIGINAL ENTRY

SOURCE DOCUMENT.

- a) Sales return daybook
- b) Cash book
- c) Purchases journal

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

d) Purchase return journal _____

20. outline **four** consequences of poor arrangement of goods in a warehouse 4mks

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21. Highlight **four** causes of a shift of demand curve to the left (4 marks)

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22. State **four** benefits that a business in a politically stable country is likely to enjoy (4marks)

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24. The information given below was extracted from the gbooks of amina traders on 31st december 2006

Purchases	260000
Opening stock	75000
Carriage on purchases	12500
Closing stock	27500
Mark-up	25%

Using the information above, prepare Amina traders trading account

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

23. b) Differentiate between a perfect competition and monopoly market structure 10mks

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25. Highlight **four** ways in which Kenya Association of Manufacturers (KAM) ensures that their members do not exploit consumers. (4mks)

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KCSE PREDICTOR 11

565/2

BUSINESS STUDIES

Paper 2

Time: 2 Hours

1. (a). Explain FIVE principles that govern the spending of revenue collected by the government (10 marks)
- (b) The table below represent supply schedule of bread to Kiriaini town.

Year	Quantity of bread
2015	10,000
2016	9,000
2017	7,800
2018	5,000

Assuming the price remains constant, explain five possible reasons for the trend in the supply of bread. (10mks)

2. (a) Explain **five** factors to consider when evaluating a business opportunity. (10mks)
- b) As at 1st August 2012 the cash book of Ongeti showed the following balances:

Cash 10,000, Bank 4,300(Cr)

During the month, the following transactions took place:

August 3: Tumbo a debtor settled his account of Shs. 8,000 by cheque of Shs. 2,500.

August 6: Paid rent by cash Shs. 4,000

10: Deposited Shs. 3,000 into the business bank account from the cash till.

15: Settled Nyamu's account in the bank of Shs. 10,000 and be allowed a discount of 1%

21: Cash sales sh. 6,000.

24: Otieno, a debtor, settled his account by a cheque of Shs. 4,000 having been allowed a discount of 20%

26: Purchased furniture Shs. 2,600 paying by cheque.

28: Received Shs. 1,800 cash from Nduta.

30. Banked the available cash except Shs. 800.

Prepare a dully balanced three column cashbook

10mks

3. (a) explain five benefits enjoyed by a a trader who buys goods on credit rather than by cash (10 marks)
- (b) Explain any five factors that may influence a decrease in the level of national income
10mks

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4. (a) Explain **five** contributions of commercial banks to the Kenyan economy

(10mks)

(b)Explain five ways in which the efficiency of a warehouse can be enhanced

10mks

5. (a) Explain **five** ways in which the government may regulate business activities (10mks)

(b) The following trial balance was extracted from the books of Kaiyaba traders on 31st December 2001

Kaiyaba Traders
Trial Balance
As at 31st December 2001

	Dr	Cr
	shs	shs
Gross profit		380,000
Closing stock	274,000	
Capital		259,000
Drawings	83,000	
Creditors		93,000
Premises	103,000	
Debtors	123,000	
Cash at bank	33,000	64,000
Bank loan (1 year)		50,000
General expenses	54,000	
Commission received		20,000
Wages and Salaries	132,000	
	<u>802,000</u>	<u>802,000</u>

Prepare: a) Profit and Loss account for the year ended 31st December, 2001 (5 marks)

b) Balance Sheet as at 31st December, 2001

(5 marks)

6. (a) Explain FIVE features that differentiate a public limited company from a partnership form of business (10 marks)

6. b) The following information relates to Somo Ber Traders for the year 2012.

Capital invested	Kshs 1,000,000
Current ratio	3:2
Rate of Stock Turn over	6 times
Turn over	Kshs 540,000
Expenses	Shs 80,000
Total current Assets	Sh 720,000

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Total Fixed Assets Shs 960,000

Margin 40%

From the above information determine:

- (i) Working Capital (2 mks)
- (ii) Gross profit. (2mks)
- (iii) Cost of sales. (1mk)
- (iv) Net profit. (1mk)
- (v) Average stock (2mk).
- (vii) Rate of return on capital. (1mk)
- (viii) Total long term liabilities. (1mk)

KCSE PREDICTOR 12

565/1

BUSINESS STUDIES

Paper 1

Time: 2 Hours

1. Outline four factors that may lead to dishonoring of a cheque (4 marks)

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2. State four circumstances when a high population growth rate may be desirable. (4 marks)

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3. Highlight four benefits that accrue to an entrepreneur who prepares a business plan. (4 marks)

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4. Give four differences between ordinary shares and preference shares. (4 marks)

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5. State four reasons why the government issues licenses to business people. (4 marks)

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6. Outline four factors that would influence the amount of money held by an individual for transaction purpose. (4 marks)

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7. Name the international trade documents that relates to each of the following statements:(4 marks)

	Statement	Document
(a)	Gives details about the origin of the goods.	
(b)	Gives title to the goods traded.	
(c)	Used to place the order for goods to be imported from a specific exporter.	
(d)	Written by a commercial attaché of the importing country showing current prices of goods being exported.	

8. State four problems that are usually encountered in the formulation stage of a development plan. (4 marks)

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9. Give four circumstances when pipeline would be more preferred as a means of transport. (4 marks)

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10. Name four source documents which are used to provide information used to make entries in the books of accounts. (4 marks)

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11. Complete the table below for business A, B, C and D.

BUSINESS	ASSETS	LIABILITIES	CAPITAL
A	W	250,000	700,000
B	85,000	30,000	X
C	420,000	Y	120,000
D	600,000	175,000	Z

12. State four benefits a trader receives from warehousing. (4 marks)

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13. Highlight four emerging issues in communication. (4 marks)

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14. State four factors that influence the fertility rate of a population. (4 marks)

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15. Outline four expenditure items that are included in the measurement of national income under the expenditure approach. (4 marks)

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16. The following information relates to Kawira Traders on 31st January 2018:

Opening stock	40,000
Purchases	480,000
Gross profit	100,000
Mark-up	25%

Calculate:

(a) Closing stock. (2 marks)

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(b) Rate of stock turnover for the year. (2 marks)

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17. Highlight four ways in which the demographic environment affects the performance of the business. (4 marks)

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18. State four factors to consider when making a choice of channel to use in distributing locally produced agricultural products. (4 marks)

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19. Outline four benefits received by a student who finished form four and had done business studies as a subject. (4 marks)

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20. Indicate which accounts to be debited and which accounts to be credited from the following transactions: (4 marks)

	Transaction	A/c Dr	A/c Cr
(a)	Proprietor took cash Sh. 18,000 and paid rent		
(b)	Brought in personal table and made it to be a business asset.		
(c)	A debtor paid Sh 80,000 by cheque.		
(d)	Transferred Sh 20,000 to a private bank account.		

21. Matuu Wholesalers insured their business worth Ksh. 2,850,000 for Ksh. 2,300,000 against fire. Eight months later, fire destroyed the business leading to a loss of Ksh. 1,248,000. Calculate what the insurance company compensated the business (4 marks)

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22. Give four trends and emerging issues in office management. (4 marks)

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23. Highlight four decisions made when deciding which goods and services to produce. (4 marks)

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FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

24. Outline how the following utilities are fulfilled:

(4 marks)

	Utility	How it is fulfilled
(a)	Place	
(b)	Form	
(c)	Time	
(d)	Possession.	

25. Outline four factors that a county government should consider before spending their county money. (4marks)

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KCSE PREDICTOR 12

565/2

BUSINESS STUDIES

Paper 2

Time: 2 Hours

1. (a) Explain **five** negative effects of inflation (10mks)

(b) Explain **five** circumstances under which an insurance contract may be terminated (10 mks)

2. (a) Explain **five** ways in which transport promotes the growth of trade. (10mks)

(b) On 1st march 2017 Kamau had cash in hand Ksh 7,800 and a bank overdraft of Ksh 24,300. During the month, the following transactions took place

March 3 cash sales paid directly into the bank Ksh 16,500

4 bought goods for Ksh 15,000 and paid by cheque

6 cash sales Ksh. 50,000

9 received a cheque of ksh 18,000 from Amolo in full settlement of his debt

13 paid insurance premiums of Ksh 16,000 in cash

15 paid Kamotho by cheque Ksh 9,700 in full settlement of his account less 3% cash discount

21 withdrew Ksh 30,000 from bank for office use

24 received a cheque of Ksh 23,750 from Rotich in full settlement of his account less 5% cash discount

25 paid wages in cash Ksh 20,000

30 banked all cash except Ksh 3,000

Required: prepare a three column cash book

3. (a) Explain **five** types of wholesalers who may be found in our country today (10mks)

(b) Explain **five** ways through which the Central Bank regulates economic activities in the

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Country (10mks)

4. (a) Explain **five** ways of solving unemployment in Kenya (10 mks)
- (b) Explain **five** merits of proper filing of documents in an organization. (10mks)
5. (a) Explain **five** short comings of using per capita income as a measure of economic welfare (10 ks)
- (b) Explain **five** benefits that may accrue to a country from trading with other countries. (10 mks)
6. (a) Demand for bananas in a certain market has been declining over time. Explain **four** factors that may be responsible for this trend. (8 mks)
- (b) The following balances were extracted from the books of Nakuru Enterprises as at 30th June, 2016.

	Shs
Sales	400,000
Stock (1 st July, 2015)	5,000
Stock (30 th June, 2016)	8,000
Discount received	13,000
Discount allowed	6,000
Insurance premium	4,000
Premises	300,000
Fixtures and fittings	200,000
Carriage inwards	7,000
Carriage outwards	3,000
Bank loan	23,000
Bank overdraft	50,000
Creditors	30,000
Cash in hand	10,000
Debtors	12,000
Drawings	14,000
Capital	340,000
Gross profit margin	25%

Prepare;

- i) Nakuru Enterprises profit and loss account for the year ended 30th June 2016. (6 mks)
- ii) Nakuru Enterprises Balance sheet as at 30th June 2016. (8 mks)

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KCSE PREDICTOR 13

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BUSINESS STUDIES

Paper 1

Time: 2 Hours

SECTION A

1. State **four** external factors that may positively influence the operations of a business (4mks)
i).....
ii).....
iii).....
iv).....
.....
2. Outline **four** circumstances under which producers may prefer to sell goods directly to the consumers. (4mks)
i)
ii).....
iii).....
iv).....
.....
3. Name four ways through which consumers can be cheated in their dealings with traders (4mks)
i)
ii).....
iii).....
iv).....
.....
4. The following information relates to Tamu Traders for the year ended 31st Dec. 2011

Sh

Fixed Assets	5,000,000
Current Assets	650,000

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Net profit	300,000
Current liabilities	650,000
Sales	2,000,000
Closing stock	100,000
Opening stock	200,000
Gross profit margin	20%

Calculate; (4mks)

a) Current ratio

b) Gross profit mark up

c) Rate of stock turn over

d) Capital employed.

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

- i)
- ii).....
- iii).....
- iv).....
-

6. The equation given below relate to quantity demanded and the quantity supplied at equilibrium price.

$$Q_{de} = 4P + 50$$

$$Q_{se} = 8P + 30$$

Determine the equilibrium price and quantity (4mks)

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7. Kendi started a shop dealing in ladies clothing but failed after two years. Outline four factors that many have caused this failure (4mks)

- i)
- ii).....
- iii).....
- iv).....

8. Name the type of warehouse described below

Statement	Type of warehouse
a) Goods can be stored before payment of custom duties	
b) Individuals can hire storage facilities	
c) Goods are stored from several manufacturers	
d) Specialised goods are stored	

9. State **four** ways in which the nature of goods would influence the choice of transport (4mks)

- i)
- ii).....
- iii).....
- iv).....

10. Outline any **four** circumstances under which human wants may be fully satisfied (4mks)

- i)
- ii).....
- iii).....
- iv).....

11. Highlight **four** ways in which business studies is useful to a community (4mks)

- i)
- ii).....
- iii).....

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iv).....
.....

12. State the books of original entry in which the following documents are used. (4mks)

- a) Incoming invoice
.....
- b) Incoming receipt
.....
- c) Outgoing credit note
.....
- d) Outgoing invoice
.....

13. State the type of ledger into which the following accounts would be found. (4mks)

Account	Relevant ledger
a) Capital
b) Mueni (debtor)
c) Kariuki (supplier)
d) Bank

14. Outline any **four** advantages of operating in an open office layout. (4mks)

- i)
- ii).....
- iii).....
- iv).....

15. George operates a petrol station in Nakuru. He insured his stock worth Ksh 2.4 million for ksh 2 million. Later in the year stock worth ksh 600,000 was destroyed by fire. Calculate the amount he was compensated and give a reason. (4mks)

16. State **four** characteristics of money (4mks)

- i)
- ii).....
- iii).....
- iv).....
-

17. Name the rewards for the following factors of production (4mks)

Factor of production	Reward
a) Employee	
b) Machine	
c) Minerals	
d) Farmer	

18. Outline **four** challenges that may be experienced by a country whose population is made up of a large proportion of young people (4mks)

- i)
- ii).....
- iii).....
- iv).....
-

19. Highlight any **four** characteristics of perfect competition type of market structure (4mks)

- i)
- ii).....
- iii).....
- iv).....
-

20. State the line of communication involved in each of the following. (4mks)

- a) The manager of ABC company Ltd talking to the manager of XYZ company Ltd
.....
.....
- b) A secretary asking for time off from her boss
.....
- c) The production manager giving instructions to the secretary of the sales manager

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-
.....
d) The store keeper giving explanations to the chief accountant
.....
.....

21. State the effect of each of the following transactions on the balance sheet totals by writing increase or decrease or no effect in each case. (4mks)

Transaction	Effect
a) Bought machinery on credit	
b) Withdrew cash from the bus for personal use	
c) Purchased stock in cash	
d) Paid outstanding loan by cheque	

22. Outline the assumptions that the circular flow of income in a closed economy work under

(4mks)

- i)
ii).....
iii).....
iv).....
.....

23. The following balances were extracted from the books of Wanji traders for the year ended 30th June 2005. (4mks)

	Sh
Debtor	120,000
Creditor	60,000
Machinery	450,000
Cash in hand	70,000
Cash at bank	180,000
5 years bank loan	270,000
Stock	60,000

Prepare a balance sheet of Wanji traders as at 30th June 2005.

24. Outline **four** reasons for maintaining a cash book in a business enterprise. (4mks)

i)

.....
.....

ii)

.....

iii)

.....

iv)

.....

25. Highlight **four** factors that should be considered when choosing a method of promoting a product.

(4mks)

i)

.....

ii)

.....

iii)

.....

iv)

.....

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BUSINESS STUDIES

Paper 2

Time: 2 Hours

1. a) Outline any five differences between private limited liability company and public limited liability company. (10mks)
- b) Describe five accounting documents used in home trade. (10mks)
2. a) The table below shows the demand and supply schedules for product A in a week.

Price(sh)	Quantity demanded (‘000’ tonnes)	Quantity supplied (‘000’ tonnes)
35	5	80
30	10	65
25	20	55
20	25	40
15	30	35
10	40	20
5	55	5

Use the information in the table above, draw the demand and supply curve showing the market equilibrium for the produce. (10mk)

- b) Explain five benefits that a firm may enjoy by preparing a business plan. (10mks)
3. a) Traders are required to observe ethical practices when carrying out product promotion. Explain five reasons for observing such ethical practices (10mks)
- b) Explain five benefits that may be realized by a country as a result of government policy to relocate Industries to rural areas. (10mks)
4. a) Outline any five factors to consider while locating a ware house. (10mks)
- b) On 1stSeptember 2015, Miriam had sh 55,000 in hand and sh. 250,000 in bank. During the month the following transactions took place.
Sep 2: Cash sales banked sh 35,260
Sep 3: Bought ribbons in cash sh 4,500
Sep 8: Paid Wangila, a creditor sh 94,000 by cheque in full settlement of his account after deduction 6% cash discount.
Sep 12: Received a cheque for sh 58,800 from Wetu after allowing her cash discount of sh 1,200

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Sep 15: Paid salaries of sh 34,000 in cash

Sep 25: Withdrew sh 50,000 from bank for office use.

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

Sept 30: Deposited all the cash into the bank except sh 13,700

Prepare a three column cash book and balance it off. (10mks)

5. a) Explain any five uses of National Income Statistics (10mks)

b) The following trial balance related to Tai Traders as at 31st December 2014

TAI TRADERS

TRIAL BALANCE

AS AT 31ST DECEMBER 2014

Details	Dr (Ksh)	Cr(Ksh)
Stock	10,000	
Bank	3,500	
Purchases	15,000	
Sales		28,000
Returns	800	1,100
Rent		580
Insurance	950	
Creditor		450
Carriage in	1,200	
Discounts	300	1,620
	31,750	31,750

Additional information

- Closing stock was valued at Ksh 2,500
- Carriage out was Ksh 1,200

Required: Prepare trading profit and loss account. (10mks)

6. a) Explain any five reasons why one would prefer to transport goods on road than rail.

(10mks)

b) On 1st January 1993 Makena started a business with sh 120,000 cash and sh 300,000 in the bank.

The following transactions were done in the month of January 1993.

January 3: Bought goods worth sh 60,000 by cheque

January 10: Sold goods worth sh 35,000 cash

January 14: Bought goods worth sh 90,000 cash from Odera

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mwalimuepublishers@gmail.com

January 18: Paid wages sh 18,000 by cash

January 20: Withdrew sh 40,000 from bank for office use.

Required;

Record the above transactions in the relevant ledger account, balance them off and extract a trial balance. (10mks)

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BUSINESS STUDIES

Paper 1

Time: 2 Hours

1. State **four** characteristics of services. (4mks)
 - a).....
 - b).....
 - c).....
 - d).....
2. Outline **four** disadvantages of division of labour. (4mks)
 - a).....
 - b).....
 - c).....
 - d).....
3. Mention **four** advantages of using Automatic Vending Machines. (4mks)
 - a).....
 - b).....
 - c).....
 - d).....
4. Give **four** benefits one gets from self-employment. (4mks)
 - a).....
 - b).....
 - c).....
 - d).....
5. Outline **four** factors to consider when intending to buy office furniture. (4mks)

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- a).....
- b).....
- c).....
- d).....

6. Name the source document to which each of the following description relate. (4mks)
Description **source document**

- (i) Issued by the seller to a buyer for cash paid
- (ii) Used for processing and authorizing payments
- (iii) Sent to a credit buyer to demand payment
- (iv) Used to correct undercharge

7. Outline **four** principles of co-operatives. (4mks)

- a).....
- b).....
- c).....
- d).....

8. Highlight **four** measures that the government puts in place to create conditions that will be favorable for business development. (4mks)

- a).....
- b).....
- c).....
- d).....

9. State **four** advantages of transporting oil by pipeline rather than by road. (4mks)

- a).....
- b).....
- c).....

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d).....

10. Outline **four** advantages of audio-visual communication. (4mks)

a).....

b).....

c).....

d).....

11. Highlight **four** ways in which the production activities of firms in your country affect the environment. (4mks)

a).....

b).....

c).....

d).....

12. Highlight **four** disadvantages of a private warehouse. (4mks)

a).....

b).....

c).....

d).....

13. Ragati and Nzonge operates a business with a stock valued at ksh.350,000 and have interests of $\frac{3}{5}$ and $\frac{2}{5}$ respectively. Ragati decided to insure $\frac{2}{4}$ of the stock against fire. Sometimes later fire occurred at their business premises and destroyed stock worth ksh. 250,000. Calculate the amount of compensation Ragati would get from the insurance company. (4mks)

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14. Outline **four** sources of monopoly power. (4mks)

- a).....
- b).....
- c).....
- d).....

15. Name **four** sources of public finance. (4mks)

- a).....
- b).....
- c).....
- d).....

16. State **four** benefits that would accrue to a customer who borrows a loan from a non-bank financial institution. (4mks)

- a).....
- b).....
- c).....
- d).....

17. Match **each** of the statements given below with the relevant type of capital. (4mks)

<u>Statement</u>	<u>Type of capital</u>
a. Resource invested into a business by the owner	
b. Excess of current assets over current liabilities	
c. Amount invested into the business by outsiders	
d. Represents total finance in a firm	

18. The following information was extracted from the books of farmers choice supermarket on 31st Dec 2009

shs

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Average stock	30,000
Closing stock	40,000
Purchases	336,000
Carriage inwards	2,000
Return outwards	18,000
Margin	1/6

Required. Calculate sales for the year .

4mks

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19. Outline **four** important characteristics of a general journal. (4mks)

- a).....
- b).....
- c).....
- d).....

20. Apex traders provided you with the following

Margin	25%
Cost of sales	15,000
Opening stock	2,000
Closing stock	1,000
Operating expenses	2% of capital
Sales and capital	are in the ratio of 1:4

Calculate :

- a. Rate of stock turnover
- b. Purchases
- c. Return on capital

.....

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21. Indicate the subsidiary ledger in which each of the following should be recorded. 4mks

<u>Account</u>	<u>Subsidiary ledger</u>
a. Return inwards	
b. Bank	
c. Drawings	
d. Juma traders (a debtor)	
e. Discount received	
f. Uchumi wholesalers (a supplier)

22. Highlight **four** types of advertising. (4mks)

- a).....
- b).....
- c).....
- d).....

23. State **four** natural sources of energy in Kenya. (4mks)

- a).....
- b).....
- c).....
- d).....

24. The statement below described various types of goods. Identify the type of goods best described by each statement. (4mks)

- a. Owned by the government on behalf of its citizens.

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- b. Goods that are capable of directly satisfying human want.
- c. Goods that are used to make other goods.
- d. Goods that get spoilt within a very short time.

25. Identify **four** reasons why many youths in urban centre are starting hawking businesses.
(4mks)

- a).....
- b).....
- c).....
- d).....

KCSE PREDICTOR 14

565/2

BUSINESS STUDIES

Paper 2

Time: 2 Hours

1. (a) Describe any **five** channels that can be used to distribute locally manufactured goods. (10 marks)
- (b) Explain **five** challenges that may be experienced by a new entrepreneur who is intending to start a business in Kenya. (10 marks)
2. (a) The table below shows the age distribution of a country.

Age in years	% of population
0 – 15	45
16 – 55	31
56 and above	24

Explain **four** negative economic implications of this age distribution to a country. (8 marks)

- (b) The following trial balance was extracted from the books of Nyaituya on 31st December 2005.

	Dr (Shs)	Cr (Shs)
Sales		720,000
Purchases	340,000	
Returns	20,000	18,000
Rent	16,000	
Advertising	24,000	
Commission		9,000
Debtors/Creditors	54,000	64,000
Stock 1/1/2005	60,000	

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0705525657

Insurance	30,000	
Drawings	40,000	
Furniture and Fittings	100,000	
Cash in hand	15,000	
Premises	400,000	
Capital	<u> </u>	<u>288,000</u>
	1,099,000	1,099,000

Additional information.	Sh.
(i) Stock as at 31 st December 2005	52,000
(ii) Rent accrued	6,000
(iii) Insurance paid in advance	4,000
(iv) Commission due	5,000
(v) Salaries owing	21,000

REQUIRED:

Prepare a trading, profit and loss account for the year ended 31st

December

2005 and a balance sheet as at that date. (12

marks)

3. (a) Explain **five** circumstances that make it necessary for insurance companies

to re-insure. (10

marks)

(b) The following transactions relate to Pumua Wholesalers for the month of March 2011.

March 1: Bought goods on credit from Kawe distributors Shs.26,200, Kamakia Ss.15600, Mambo Shs.33,360.

March 2: Sold goods on credit to Fuma retailers Shs.37,200, Tito

grocers

Shs.25,500 and Wamba traders Shs.16,250.

March 6: Returned goods to Kamakia Shs.2,400 and Mambo

Shs.4,160.

March 9: Sold goods on credit to Tamu Shs.5,500 and Patu

Shs.18,200.

March 11: Bought goods on credit from Chuma Shs.33,840.

March 15: Goods returned by Tamu Shs.1,500 and Fuma retailers Shs.1,820 and Patu Sh.2,600.

March 18: Bought goods on credit from Jama Shs.21,210 and Sama

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March 26: Credit sales to Kamanja Shs.16,600, Orengo Shs.19,260 and Wama traders Shs.15,200.

REQUIRED:

Enter the above transactions in the respective books of original entry.

(10
marks)

4. (a) Explain **five** methods that can be used by a country to solve the problem of deficit balance of payment. (10 marks)
- (b) Outline **five** differences between land and labour as a factor of production. (10 marks)
5. (a) Explain the distinctions between each of the following sets of goods and services. (10 marks)
- (i) Free goods and economic goods.
 - (ii) Producer goods and consumer goods.
 - (iii) Perishable goods and durable goods.
 - (iv) Public goods and private goods.
 - (v) Intermediate goods and finished goods.
- (b) Explain **five** ways in which an efficient road transport system may promote trade within a country. (10 marks)
6. (a) Using a well labelled diagram explain the flow of income in a two sector economy. (10 marks)
- (b) Give **five** differences between a fixed deposit account and a savings account. (10 marks)

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KCSE PREDICTOR 15

565/1

BUSINESS STUDIES

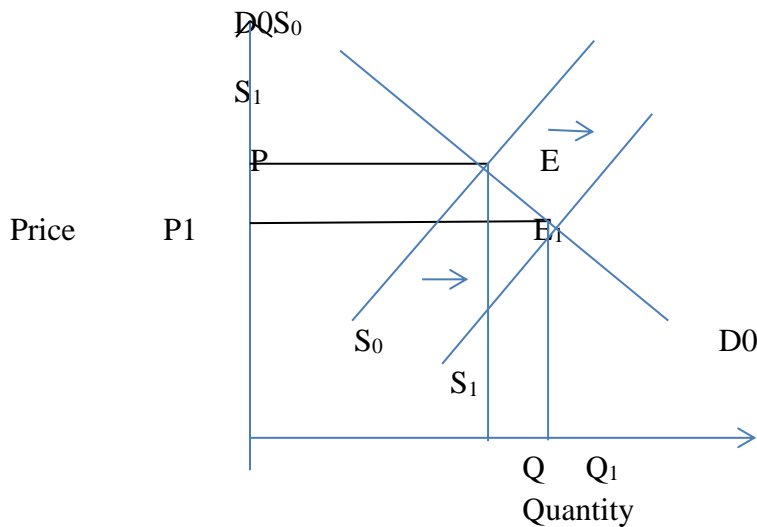
Paper 1

Time: 2 Hours

1. State four characteristics of human wants (4mks)
 - a)
 - b)
 - c)
 - d)
2. Outline four ways in which utility of a good is created in production (4mks)
 - a)
 - b)
 - c)
 - d)
3. State four benefits that a farmer may derive from being a member of producer co-operative society (4mks)
 - a)
 - b)
 - c)
 - d)
4. Highlight four ways in which consumers may protect themselves against exploitation (4mks)
 - a)
 - b)
 - c)
 - d)
5. Highlight four factors a firm must take into account when deciding on the product(s) to produce (4 mks)
 - a)
 - b)
 - c)
 - d)

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6. Below is a diagram of demand and supply curve



Highlight four factors that may have led to the above behavior (4mks)

- a)
 - b)
 - c)
 - d)
7. Mention four characteristics of good money (4mks)
- a)
 - b)
 - c)
 - d)
8. State four ways in which human resource can positively influence the internal environment of a business (4mks)
- a)
 - b)
 - c)
 - d)
9. State four benefits that Kenya will derive from the completion of Standard gauge railway (SGR) (4mks)
- a)
 - b)
 - c)
 - d)
10. State four characteristics of a successful entrepreneur (4mks)
- a)
 - b)
 - c)
 - d)
11. Name four documents required by the registrar of companies in order to register a Public Limited Company (4mks)

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- a)
- b)
- c)
- d)

12. State four circumstances under which cash with order (CWO) may be used by a business (4mks)

- a)
- b)
- c)
- d)

13. Outline four challenges that may be encountered in measuring National income using the output approach (4mks)

- a)
- b)
- c)
- d)

14. Highlight four factors to be considered when choosing a method of product promotion (4mks)

- a)
- b)
- c)
- d)

15. Identify the source documents into which the following information would be recorded (4mks)

Information	Source document
i. Payment received from debtors	
ii. Purchases made on credit	
iii. Validating payments made by cashier	
iv. Sale of a fixed asset on credit	

16. For each of the transaction state the account to be debited and the account to be credited (4mks)

Transaction	Account debited A/C credited
i. Deposited cash into the bank	
ii. Owner withdrew cash for personal use	
iii. Purchased goods on credit	
iv. Sold furniture by cheque	

17. The following information was obtained from Wamwangi traders as at 31st December 2018

	Shs
Stock 1/1/2018	20000
Stock 31/12/2018	30000

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Mark up	20%
Rate of stock turn over	7 times

Required

Prepare Wamwangi's trading account for the year ended 31/12/2018

(4mks)

18. Muriuki prepared a trial balance for his business but it failed to balance. Help him prepare a correct one (4mks)

MURIUKI TRIAL BALANCE AS AT 31ST DEC 2017

Fixed Assets		Liabilities	
Land	110,000	Debtors	80,000
Creditors	60,000	Machinery	90,000
Capitals	230,000	Prepaid rent	10,000
	400,000		180,000

19. State the kind of information recorded in the following ledger accounts
- i. Sales Ledger

 - ii. Private Ledger

 - iii. Nominal Ledger

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iv. Cash book

20. State four components of a Business plan (4mks)

- a)
- b)
- c)
- d)

21. State four roles of Insurance Industry in Kenya (4mks)

- a)
- b)
- c)
- d)

22. Outline four measure used by the Central Bank to control supply of money in the economy (4mks)

- a)
- b)
- c)
- d)

23. Highlight four features of perfect competition market (4mks)

- a)
- b)
- c)
- d)

24. Mention the four elements of transport . (4mks)

- a)
- b)
- c)
- d)

25. State the type of unemployment described below (4mks)

i. Experienced where demand for goods and services is seasonal

.....
.....

ii. Occurs when a person seems to be employed but is mainly under utilized

.....
.....

iii. Occurs when jobs are available but one does not have the required qualifications

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-
-
- iv. Caused by Economic factors leading to poor performance of the Economy
-
-

KCSE PREDICTOR 15

565/2

BUSINESS STUDIES

Paper 2

Time: 2 Hours

1. a) Explain five characteristics of economic resources. [10 mks]

b) Explain five merits of using audio visual means of communication. [10 mks]

2. a) Explain five circumstances under which a partnership may be dissolved. [10 mks]

b) The following balances were extracted from the books of Kasuku traders on 30th June 2018.

Furniture	18,000	Debtors	40,000
Motal van	40,000	Creditors	50,000
Capital	75,000	Cash	4,000
C.F.C Loan	50,000	Bank	19,000
Stock	54,000.		

The following transactions took place in the month of July 2018.

July 10 Kasuku traders received ksh. 15,000 from a debtor by cheque.

July 15 Bought more furniture worth ksh. 2,500 and paid in cash.

July 20 Took goods worth 14,000 for home use.

Required. Prepare a balance sheet as at 30th July 2018. [10 mks]

3. a) Describe five principles that guide insurance businesses in Kenya. [10 mks]

b) The following information relates to Rose holdings for May 2015.

May 1. Sold goods to Garry at ksh. 660.

May 5. Bought goods from K.N.T.C for ksh. 7500.

May 10 Bought three office machines at ksh 2,500 each on credit from Fine electronics.

May 15 Goods worth ksh.1,850 were sold to Jack on credit.

May 18 She sold old furniture on credit to Twiga motols at KSH. 1,500 whose book value was ksh.1000.

Required. Record the above transactions in appropriate journals. [10 mks]

4. a) Explain five features of monopolistic competition. [10 mks]

b) Outline five differences between public and private warehouses. [10 mks]

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5 .a]Explain five documents used in home trade that are prepared by the buyer. [10 mks]

b]Explain five ways in which the central bank of Kenya controls the operations of commercial banks. [10mks]

6.a]The following transactions were extracted from the books of Furaha retailers.

April 1. Balance brought forward cash ksh 1,900 cash at bank ksh. 6500.

April 3. Sold goods in cash ksh. 1,200.

April 5. Paid transport by cheque ksh. 2,050.

April 7. Bought goods worth ksh.2,500 in cash less 5% cash discount.

April 10. Paid postage charges by cheque ksh.3,000.

April 12. Furaha deposited ksh.600 from cash till to the business bank account.

April 13. Bought goods ksh .8400 by cheque.

April 15. Sold some old furniture for ksh 3,900 and received the money by cash.

April 17. Brought a table to be used in the business whose value was ksh.1,800.

April 18. Paid electricity bill by cheque ksh.2,100.

April 20. Sold goods against a cheque for ksh.6,600 whose value was ksh.6,850.

April 21. Took cash ksh 400 for family use..

April 26. Sold goods on credit to Kamani valued at ksh 4,500.

April 28. Received cash ksh.1,500 from Bidii stores.

April 30. Deposited all cash with the bank except ksh.3,525.

Required to prepare a three column cash book duly balanced. [10 mks]

b]Draw a well labeled diagram to show the effect of increase in demand and increase in supply on equilibrium point, equilibrium price and equilibrium quantity. [10mks]

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