

KCSE BUSINESS STUDIES REPLICA SERIES

SEPTEMBER-DECEMBER 2022.

KCSE REPLICA EXAMS

1-10

FOR MS

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KCSE REPLICA 1

PAPER 1

1. Outline **four** benefits that a business gain from its environment. (4mrks)
- (i).....
- (ii).....
- (iii).....
- (iv).....

2. Highlight **four** limitations that small scale retailer operators face. (4mrks)
- (i).....
- (ii).....
- (iii).....
- (iv).....

4. Outline **four** ways in which inflation can be controlled by the government. (4mrks)
- (i).....
- (ii).....
- (iii).....
- (iv).....

5. The following items belong to Mlamba Wholesalers as at 31st Dec 2018

Motor vehicle	75,000
Stock	4,000
Overdraft	11,100
Creditors	5,740
Debtors	6,200
Commission paid	2,000
Cash	10,000
Returns Outwards	3,400
Returns Inwards	1,400
Capital	78,360

Required, draw Mlamba’s trial balance as at 31st December 2018. (5mks)

6. The bodaboda motorcycles are very popular both in urban and rural environment. Highlight **four** disadvantages of this method of transport. (4mks)
- (i).....
- (ii).....
- (iii).....
- (iv).....

7. Lopez who completed building a house has insured it against the risk of fire. State **four** circumstances that may prevent her from being compensated in an event of loss occurring. Outline **four** benefits that a business gain from its environment. (4mrks)
- (i).....
- (ii).....
- (iii).....
- (iv).....

8. Outline **four** characteristics of economic resources. (4mks)
- (i).....
- (ii).....
- (iii).....
- (iv).....

9. Outline **four** disadvantages of division of labour. (4mks)
- (i).....
- (ii).....

- (iii)
 (iv).....
10. Give **four** benefits one gets from self-employment. (4mks)
 (i).....
 (ii).....
 (iii)
 (iv).....
11. Shaban started a shop dealing in ladies clothing but failed after two years. Outline **four** factors that may have caused this failure. (4mks)
 (i).....
 (ii).....
 (iii).....
 (iv).....
12. Highlight **four** challenges passed to a country by a rapidly growing population. (4mks)
 (i).....
 (ii).....
 (iii)
 (iv).....
13. State the type of utility created by each of the following activities: (4mks)
 i)Delivery Milk to a customer
 ii)Keeping money in the bank.....
 iii)Selling bread to a student.....
 iv)Making uniform for students.....
14. Highlight **four** factors which hinder economic development in a country. (4mks)
 (i).....
 (ii).....
 (iii)
 iv).....
15. Outline **four** means used by commercial banks to transfer money. (4mks)
 (i).....
 ii).....
 (iii).....
 (iv).....
16. Mention **four** unethical Practices in product promotion. (4mks)
 (i).....
 (ii).....
 (iii)
 (iv).....
17. State **four** reasons why the volume of exports from less developed countries to the developed countries tend to be low. (4mks)
 (i).....
 (ii).....
 (iii)
 (iv).....

18. The average consumer price for a commodity for various years is shown below

Year	Consumer price	Consumer price index
	shs	
2004	120	100
2005	145	a.
2006	160	b.
2007	170	c.

2008	175	d.
------	-----	----

Calculate the consumer price index using year 2004 as the base year. (4mks)

19. State four benefits that consumers get from small scale retailers. (4mrks)

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

20. The following information was obtained from the books of Okame Traders on 30th June 2018.

Opening stock	8,000
Purchases	53,000
Sales	62,900
Returns outwards	2,700
Closing stock	12,700

Prepare Okame Trading Accounts for the year ended 30th June 2018. (4 marks)

21. Give four features that differentiate a public corporation from a public limited company.

(4marks)

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

22. Highlight four features that should be observed when coming up with a good tax system

(4mks)

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

23. Give four advantages of landscape office layout

(4mks)

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

24. State four importance of balance sheet.

(4marks)

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

25. The following balances were extracted from Mwangaza traders' books of accounts.

	Shs.
Opening stock	25,000
Closing stock	35,000
Purchases	190,000
Mark - up	20%

Calculate:

- a) Cost of sales (1mark)
- b) Gross profit (1 mark)
- c) Sales (1 mark)
- d) Rate of stock turnover(ROSTO) (1 mark)

PAPER 2

1. (a) **Explain** negative effects of any five macro environmental factors on a business. (10 marks)
- (b) Explain five uses of National Income statistics to an economy. (10marks)

2. (a) Explain **any five** features of a good filing system. (10 marks)
- (b) The following transactions relate to Koko Traders for the month of September 2010.
 - Sept. 2 Sold goods on credit to Chui Shs. 12,000 and Jane Shs.16,000
 - Sept. 8 Bought goods on credit from Shah Traders Shs. 40,000.
 - Sept. 12 Chui returned goods worth Shs. 2,000.
 - Sept. 15 Purchased goods on credit from Tanui Shs. 34,000 and Peter Shs. 31,050.
 - Sept. 20 Goods worth Shs. 6,000 were returned to Shah Traders and goods worth Shs. 3,000 to Tanui.
 - Sept. 23 Goods sold on credit to Chui Shs. 8,000, Tom Shs. 11,000 and Joseph Shs. 13,000.
 - Sept. 27 Goods returned by Tom Shs. 2,000.

Required:
Prepare the relevant Journals and balance them off. (10marks)

3. (a) Explain five principles of insurance. (10marks)
- (b) Explain five problems a developing country will encounter in the implementation stage of development planning. (10marks)

4. (a) Kenya experienced a general increase in prices of goods and services due to Covid-19 pandemic. Explain **five** negative effects of this to the Kenyan economy (10 marks)
- (b) Explain five causes of unfavourable balance of payment for most developing countries. (10 marks)

5. (a) With the aid of a suitable diagram, explain the effects of a decrease in supply on the equilibrium price and quantity of a product (10 marks)
- (b) Explain **five** roles of central bank in an economy (10 marks)

6. (a) Explain **five** Benefits of an enclosed office plan. (10 marks)
- (b) On 1st July, 2016 Ekalale Traders had cash in hand sh. 85,200 and cash at bank sh.40,000 (Cr). During the month, the following transactions took place:

July

 - 2 cash sales sh. 42,630 was paid directly into the bank
 - 5 Received a cheque of sh. 14,100 from Ruth in full settlement of her account.
 - 9 Bought goods worth sh. 26,240 cash.
 - 12 Cash sales sh. 42,950 payment received by cheque
 - 15 Paid Ndoigo’s account of sh. 25,000 in cash less 5% cash discount.
 - 17.Paid wages sh. 24,000 in cash
 - 18 Withdrew sh. 16,000 from bank for office use.
 - 20 Bought stationery sh.850 cash
 - 22 Cheque received from Ruth was dishonoured.
 - 28 Received a cheque of sh. 9,500 from Kemamo after he deducted a 5% cash discount
 - 31 All cash was banked except sh.10,000.

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

KCSE REPLICA 2

PAPER 1

1. List four elements of economic environment that may positively influence business operations. (4 marks)

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

2. Highlight four circumstances under which a trader may offer after sale services to a trader. (4 marks)

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

3. Name the type of wholesaler described in each of the statements below. (4 marks)

	Statement	Wholesaler
a	Specialised in selling particular lines of goods to retailers	
b	Customers given chance to pick goods they want and pay for them on the spot	
c	Deal with wide variety of goods	
d	Distribute their products in all parts of the country	

4. State four factors that may influence a farmer to use a short channel for distributing his farm produce. (4 marks)

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

5. Outline four consequences of poor arrangement of goods in a public warehouse. (4 marks)

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

6. List four types of direct taxes that the government may use to collect revenue from individuals and companies. (4 marks)

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

7. For each of the following transactions state the account to be debited. (4 marks)

	Transaction	Account debited
(a)	Proprietor took cash for personal use.	
(b)	Bought goods and paid by cheque.	
(c)	Proprietor paid rent in cash.	
(d)	Paid Job (creditor) from private source.	

8. Highlight four benefits that the bank and the customers derive from agency banking. (4 marks)

- (a)
- (b)

(c)

(d)

9. Distinguish between ordinary shares and debentures. (4 marks)

	Ordinary shares	Debentures
(a)		
(b)		
(c)		
(d)		

10. The following information relates to average prices of exports and imports in 2021 and 2022 of country k.

Year	Average price of export	Average prices of imports
2021	100,000	400,000
2022	120,000	650,000

Required

(a). Calculate the terms of trade. (3 marks)

(b). Comment on the term of trade calculated. (1 mark)

11. Name the type of supply described in each of the following cases. (4 marks)

(a). One product is a by-product of another

.....

(b). Supply of one product reduces supply of another product.

.....

(c). A product can be supplied from two or more sources.....

(d). Quantities supplied over the quantities that customers are able to buy

.....

12. The table below shows some entries in cash book of CMC traders for the month of July 2020.

Two column cash book

Dr				Cr			
Details	Details	Cash	Bank	Date	Details	Cash	Bank
2020 July				2020			
July 1	Balance c/d	15,000		July 1	Balance b/d		100,000
July 6	cash		20,000	July 6	Bank	20,000	
July 20	Sales		15,000	July 15	Wages	5,000	
July 28	Debtors	20,000		July 29	Stock		10,000
				July 31	Balance c/d	10,000	

State the meaning of the following entries. (4 marks)

(a). July 31, 2020, Balance c/d sh 10,000

.....

(b). July 1, 2020, Balance b/d, bank column, shs 100,000

.....

(c). July 28, 2020 Debtors Shs 20,000

.....
 (d). July 6, 2020 cash sh 20,000 and bank shs 20,000.

13. List four challenges experienced in calculation of consumers' price index. (4 marks)

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

14. Give four uses of general Journal. (4marks)

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

15. Name the insurance policy a school can take to cover the following risks. (4 marks)

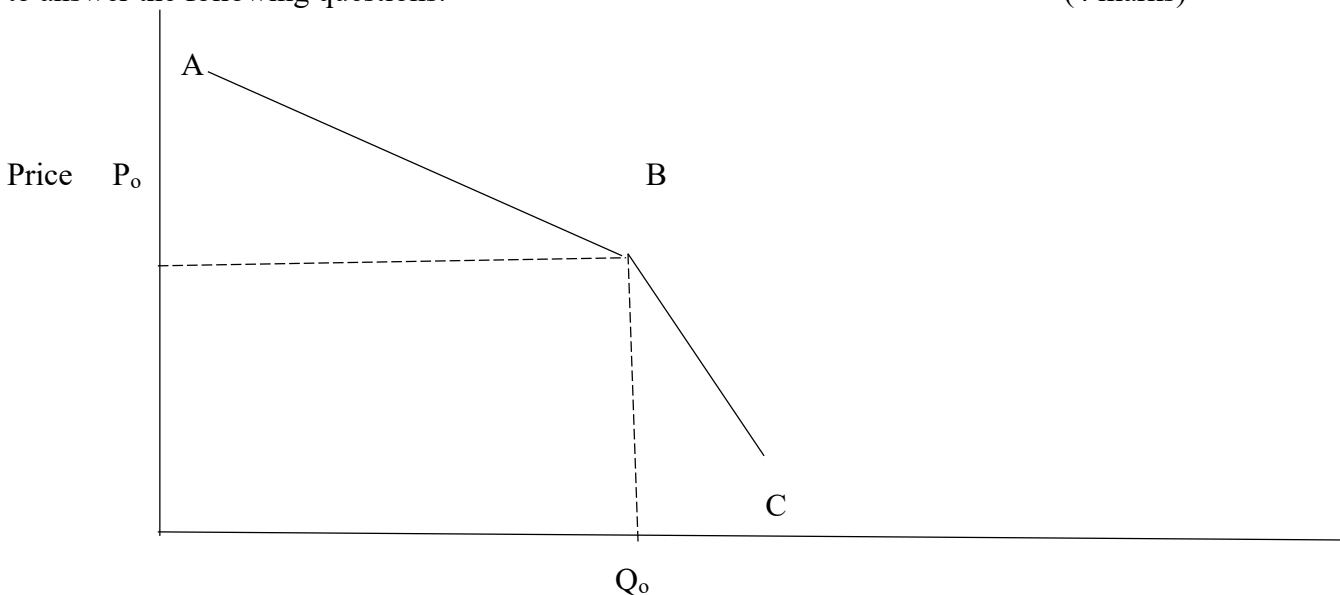
	Risk	Policy
(a)	Injury caused by a school bull to a passer-by	
(b)	Losses arising from a debtors failure to pay their debt.	
(c)	Loss of cash when being transported to bank.	
(d)	Loss of goods through dishonesty of an employee	

16. Outline four advantages of specialization in production. (4 marks)

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

17. State four disadvantages of using machines in an offices. (4 marks)

18. The diagram, below illustration price and output determination in an oligopoly market structure. Use it to answer the following questions. (4 marks)



- (a). What is the name given to the demand curve above
- (b). What is the effect of setting price above P_o
- (c). What is the effect of setting price below P_o
- (d). Name the point labelled B

19. Outline four problems that a country could face during implementation stage of a development plan. (4 marks)

- (a)
 - (b)
 - (c)
 - (d)
20. Highlight four demerits of government involvement in business activities. (4 marks)

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

21. The following information was obtained from the books of Omoi traders for the period ended 30th June 2021

Sales	500,000
Opening stock	80,000
Purchases	320,000
Closing sock	40,000
Debtors	140,000
Creditors	90,000

Required

(i). Calculate margin. (1 mark)

.....
.....

(ii). Current ratio (1 mark)

.....
.....

(iii). Rate of stock turn over (1 mark)

.....
.....

(iv). Give the importance of margin. (1 mark)

22. Highlight four benefits that Kenya reaps due to the completion of the Lamu port and Lamu-South-South - Sudan-Ethiopia transport corridor. (4 marks)

23. Outline four ways in which political instability discourage entrepreneurial development in a country. (4 marks)

- (a)
 - (b)
 - (c)
 - (d)
24. State four disadvantages of locating a business away from other businesses. (4 marks)

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

25. Outline four advantages of high population. (4 marks)

PAPER 2

Answer Any Five Questions

1. (a) Explain any **five** measures a country may adopt to increase its volume of exports. (10 marks)
- (b) Explain **five** characteristics of economic resources. (10 marks)
2. (a) Dr. Korir a surgeon opened up a clinic in his rural home of Kapkoros. The business closed after six months. Explain **five** reasons for the business failure. (10 marks)
- (b) Highlans Ltd started business on 1st May 2022 with sh.250,000 consisting of:
 Cash at bank Shs.200,000,
 Cash in hand Shs.30,000,
 Furniture Shs.20,000.

The following transactions took place during the month of May.

- 3rd May 2022, Motor van worth Shs.85,000 and stock of Shs.25,000 were bought on credit
- 6th May 2022, more stock worth shs.10,000 was bought on cash
- 9th May 2022, withdrew money from bank sh.50,000 for office use
- 15th May 2022, sold stock to a customer on credit worth shs.18,500
- 19th May 2022, received a cheque for the full settlement of a debt owed from the transaction of 15th May 2022.
- 23rd May 2022, paid Shs. 65,000 by cheque for the motor van bought earlier on credit
- 31st May 2022, paid Shs 20,000 cash for the stock bought on credit

Required:

Prepare the balance sheet of Uhuru Highway Ltd as at 31st May 2022 (10 marks)

3. (a) Explain **five** measures that Kenya government should adopt to solve the widespread cases of unemployment. (10 marks)
- (b) Discuss any **five** current trends in communication (10 marks)
4. (a) Explain **five** Money transfer facilities provided by commercial banks (10 marks)
- (b) On 1st May, 2010 Musa Traders had Shs 15,000 cash in hand and shs.160450 at bank. During the month the following transactions took place.
 May 2 Bought goods for Shs. 5,400 and paid by cheque.
 May 8 Received sh 7,200 cash from a debtor
 May 15 Paid a creditor Sh.18,300 by cheque
 May 16 Paid salaries sh 4,200 in cash
 May 18 Sold goods for sh. 9,200 and was paid by cheque
 May 20 Withdrew sh 30,000 from bank for office use
 May 25 Received sh.8,000 cash from a debtor
 May 28 Paid general expenses sh.4,000 cash
 May 29 Deposited sh.10,000 cash in bank
 May 30 Paid for electricity sh.2,500 by cheque

Record the above transactions in a two column cash book and balance it off. (10marks)

5. (a) Explain **five** ways in which the Kenyan government can tackle the current high inflation. (10 marks)
- (b) Describe **five** channels of distribution that may be followed by imported manufactured goods. (10 marks)
6. (a) Explain **five** functions of the stock exchange market. (10 marks)
- (b) Give **five** differences between small scale firms and large scale firms. (10 marks)

KCSE REPLICA 3

PAPER 1

- 1.) Outline **Four** sources of government revenue (4mk)
 - i).....
 - ii).....
 - iii).....
 - iv).....

- 2.) State **Four** reasons why consumer should satisfy basic wants before secondary wants (4mks)
 - i).....
 - ii).....
 - iii).....
 - iv).....

- 3.) Give **Four** reasons why consumers need protection (4mks)
 - i).....
 - ii).....
 - iii).....
 - iv).....

- 4.) Outline **Four** factors that transaction motive depend on (4mks)
 - i).....
 - ii).....
 - iii).....
 - iv).....

5. Outline **Four** gaps that may influence an entrepreneur in the market (4mks)
 - i).....
 - ii).....
 - iii).....
 - iv).....

6. The following balances were extracted from the books of Kombo Traders for the year ended 31st Dec 2021

	Shs.
Sales	500,000
Purchases	320,000
Stock 31,12,21	40,000
Stock 1,1,2	80,000
Debtor	140,000
Creditors	90000

 - a) Calculate Margin (2mks)
 -
 -
 -
 -

 - b.) Current ratio (1mk)
 -
 -
 -
 -

- c.) Rate of stock turnover (1mk)

- 7.) State **Four** benefit of indirect production to the society (4mks)
 i).....
 ii).....
 iii).....
 iv).....
- 8.) Mention **Four** transaction that are recorded in the general journal (4mks)
 i).....
 ii).....
 iii).....
 iv).....
- 9.) State the use of the following documents used in home trade (4mks)
 (i) Proforma invoice

 (ii) Quotation

 (iv) Advice note

 (v) Credit note

10. Outline **Four** benefits of communication to a business (4mks)
 i).....
 ii).....
 iii).....
 iv).....
11. State **Four** aspects of office etiquette that an office worker should possess in order to do his/her duties effectively and efficiently (4mks)
 i).....
 ii).....
 iii).....
 iv).....
12. Prepare a trial balance from the following balances extracted from the books of Ojwang’s business on 30th June 2006 (4mks)
- | | Shs. |
|-----------|--------|
| Capital | 80,000 |
| Cash | 53000 |
| Furniture | 10000 |
| Purchases | 15000 |
| Sales | 8000 |
| Rent | 6000 |
| Salaries | 9000 |
| Bank loan | 5000 |
| | |
| | |
| | |

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

13.) Outline **Four** internal environmental factors that positively influence the operations of a business (4mks)

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

14.)

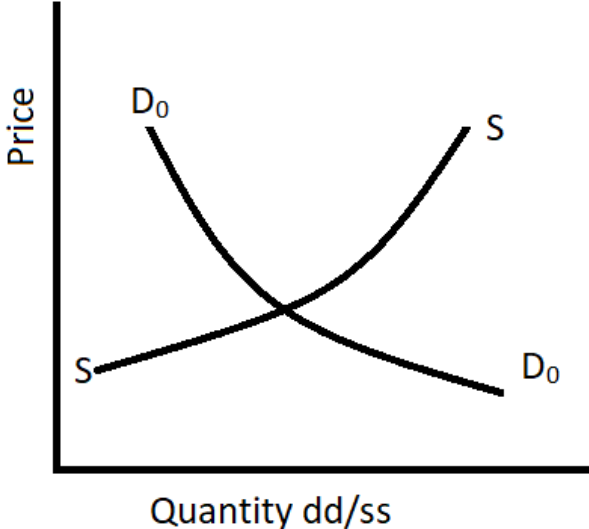
Outline **Four** ways in which households contribute to the national income of a country (4mks)

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

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

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

16.) The graph below represents the demand and supply curves of milk



State **Four** effects of a shift of the demand curves to the left (4mks)

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

- iii).....
 iv).....
 17. List **Four** benefits of a bonded warehouse to the government (4mks)
 i).....
 ii).....
 iii).....
 iv).....
 18. This following figures relate to the Jumbo trader for the year ended 31/12/13
- | Details | Shs |
|------------------------|--------|
| Capital 31/10/13 | 940000 |
| Net loss | 20000 |
| Additional investments | 420000 |
| Monthly drawings | 5000 |
- Determine the capital as at 1/1/2013 (4mks)
19. Highlight **Four** factors that should be considered when deciding on the method to use to promote a firms products (4mks)
 i).....
 ii).....
 iii).....
 iv).....
 20. In the spaces provided below indicate with a tick whether each of the following statements relate to preferences of ordinary shares (4mks)

Statement	Preferences shares	Ordinary shares
a.) Represent ownership		
b.)Rate of dividend is fixed		
c.)Has voting rights		
d.)Considered, first in liquidation		

21. Highlight **Four** benefits of locating firms in different parts of the country (4mks)
 i).....
 ii).....
 iii).....
 iv).....
 22. Highlight **Four** factors that determine country's Fertility (4mks)
 23. Highlight **Four** circumstances under which a manufacturer may prefer to sell goods directly to the consumers (4mks)
 24. Highlight **Four** features of a monopoly (4mks) i
 25. State the principle of insurance to which of the following statements relates (4mks)
 a.) There is a close connection between the cause of loss and the actual risk insured against, for the compensation to be effected.

 b.) A person can only insure property whose destruction would result to a financial loss to him/her

 c.)Restoring the insured to the financial position he/she was in, just before the risk occurred

 d.) Once an insured is fully compensated for loss suffered, the insured is not supposed to gain out of the loss

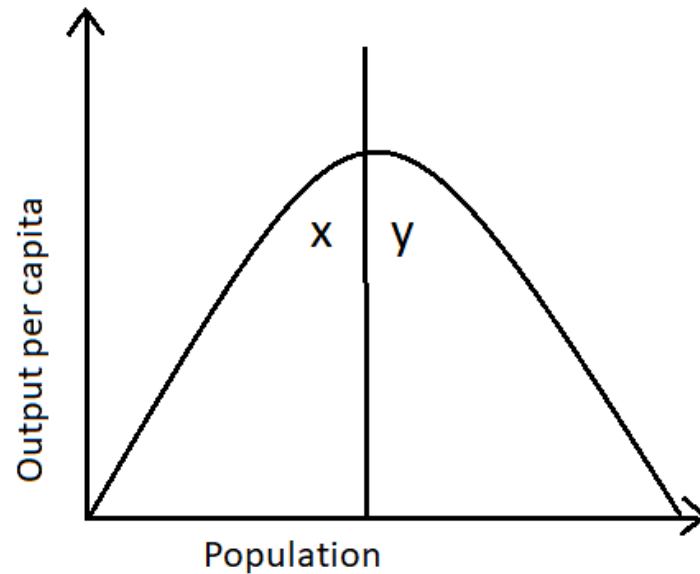
PAPER 2

1. a.) As business expands, it experiences economies of scale such as division of labour and specialization. Explain Five benefit of the economy of scale mentioned to the business (10mks)
- b.) Raju operate a large hardware business in a town in Kenya. A part from motor vehicle insurance policies, highlight giving reasons, five insurance policies that may be beneficial for this business. (10mks)
2. a.) Explain **Five** guidelines followed when using public funds (10mks)
- b.) Explain **Five** problems encountered in measuring National income using output approach (10mks)
3. a.) Students of Kiburu mixed day secondary school undertakes business studies as a subjects in their curriculum. Explain Four benefits of this to the local community (8mks)
- b.) The following balances were extracted from the books of Katiba Traders for the year ended 31st Dec 2012.

Carriage inwards	27,900
Carriage outwards	29,400
Purchases	60,000
Sales	120,000
Stock (31/12/2012)	26,500
Sales return	18,500
Stock 1/1/2012	35,000
Purchases return	45,000
Rent income	100,000
Discount received	6,800
Salaries	14,400
Rates	36,900
Electricity	25,000
Bad debt written off	2000
Discount allowed	6,900

Required; Prepare trading, profit and loss account for the year ended 31st Dec (12mks)

4. a.) The government of Kenya is in the process of extending standard gauge way the standard rail Gauge way to Kisumu. Explain the benefits of this venture to the Kenya economy (10mks)
- b.) The diagram below show the population and output per capita of China



Explain five advantages China would get in her total population is found in the part marked Y

(10mks)

5. a) ABZ limited operates a wholesale business .During the month of March 2021. The company carried out the following transactions

March1: Credit sale to Ochupe and Njeri were Sh. 200,000 and 180,000 respectively

March2: Credit purchase from Chebet sh. 150,000, Wambui sh.700,000 , Alfred sh 185,000. He also paid an advertisement expenses by cast sh. 48,000.

March 5 : Credit sales to Abdalla sh 175,000, Mwangi sh 320,000, Ochupe sh. 135,000

March 8 : Goods returned by Ochupe sh 2800 and Njeri sh, 3100

March 12 : Goods returned by ABZ limited to Chebet sh, 30,000 and Alfred 25,000

March 27 :Paid Wambui her debt in cash after deducting a cash discount of 5%

March 28 : Received rent of sh 5,200 by bank

March 29 : Sold goods on credit to Njeri shs 220,000 and Njau shs 150,000

March : Goods returned by Njau shs 2,300

Required : Prepare relevant day books (12mks)

5. b) Explain **five** advantages of M-pesa (8mks)

6. (a) Using a well labeled diagram, illustrate, the effect of reduced cost of production on equilibrium price and output (10mks)

- b.) Explain **five** emerging issues in form of business units (10mks)

KCSE REPLICA 4

PAPER 1

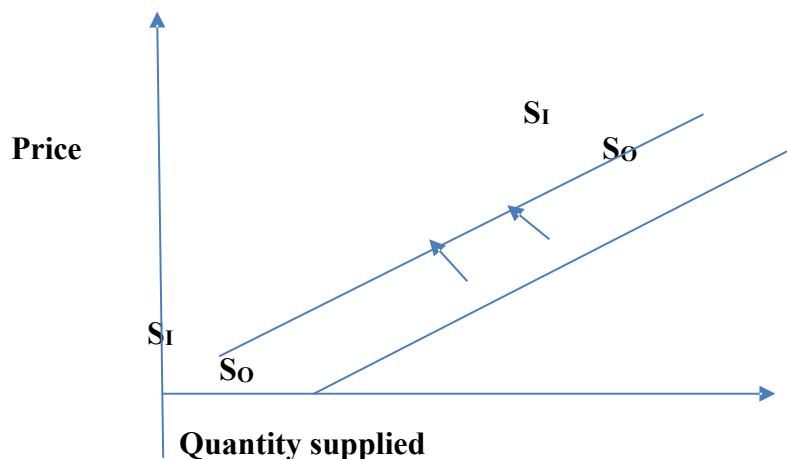
1. Outline **four** ways in which business studies may be of benefit to an individual. (4mks)
2. Highlight **four** demographic factors that may affect the performance of a business. (4mks)
3. Mention the factor of production to which each of the following resources relate. (4mks)

Resource	Factor of production
(a) Manager	
(b) Cotton	
(c) Owner	
(d) Factory	

4. Fill in the missing figures in the following table. (4mks)

Liabilities	Capital	Fixed assets	Current assets
401,400	640,900	750,700	W
X	739,200	925,600	259,100
586,800	Y	980,250	205,100
436,000	340,000	Z	264,900

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



- State **four** factors that may account for the above shift. (4mks)

6. The management of Rembo traders operates an open office layout. State four advantages the management gets from this layout. (4mks)
7. State **four** differences between Life Assurance and General insurance. (4mks)

Life Assurance	General Insurance
(a)	
(b)	
(c)	
(d)	

8. State **four** benefits that a trader may get by advertising products in a newspaper. (4mks)
9. Highlight **four** problems which may be encountered when measuring national income using output approach. (4mks)
10. Highlight the role of consumer organisations in consumer protection. 4mks)
11. Maendeleo Traders had the following Assets and Liabilities as at January 2020

Furniture	300,000
Equipment	50,000
Debtors	45,000
Cash	7,000
Creditors	48,000

For the year ended 31st December 2020 there was

- (i) Additional capital introduced amounting to Sh. 34,000
- (ii) Drawings made during the year amounting to Sh. 20,000
- (iii) Net profit amounting to Sh 34,000

Determine the capital of the business as at 31st December 2020. (4mks)

12. Farida company has developed a new product in the market. Outline four methods that may be used to determine the price of the product. (4mks)

13. Outline **four** current trends in the transport sector in Kenya. (4mks)
14. State **four** features of a parastatal. (4mks)

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

	Transaction	Journal
(i)	Purchase of goods on credit	
(ii)	Sale of Machinery on credit	
(iii)	Goods previously bought on credit returned to the suppliers	
(iv)	Correction of an error in account	

16. State the type of unemployment described in each of the following:- (4MKS)

(a) Where people have temporarily lost jobs and are seeking for new ones.

(b) Where people are rendered jobless at a certain period of the year.

(c) Where people lost jobs due to change in technology.

(d) Where people lose jobs during a period of economic recession.

17. The following balances were extracted from the books of Haraka Traders as at 30th June 2021.

	Shs
Sales	1,400
Carriage outwards	6,000
Discount allowed	11,000
Discount received	5,000
Returns inwards	12,000
Commission received	3,000
Purchases	2,000
Bank	50,000
Cash	80,000
Debtors	20,000
Capital	150,000
Creditors	9,000

Prepare Haraka Traders Trial balance as at 30th June 2021

18. Outline four factors which may limit the effectiveness of a warehouse. (4MKS)

19. Mention the type of document described in the statements below: (4MKS)

(a) A document sent with the purpose of correcting an overcharge.

(b) A document sent to reply to a specific letter of inquiry.

(c) A document sent to demand for payment of goods sold.

(d) A document sent to request the seller to supply goods indicated.

20. The following information relates to Uwezo traders for the year ended 31st December 2018. (4MKS)

Sales	480,000
Stock (1/1/2018)	60,000
Stock (31/12/2018)	30,000
Margin	25%

Determine:

(a) Gross profit (1 mk)

(b) Cost of sales (1 mk)

(c) Rate of stock turn over. (2 mks)

21. Outline **four** features of money that enables it to facilitate the exchange of goods and services. (4 mks)

22. Mention **four** circumstances under which a partnership may be dissolved. (4mks)

23. Highlight **four** challenges of locating firms at a central place. (4mks)

24. State **four** uses of cash book. (4mks)

25. Outline **four** characteristics of basic wants. (4mks)

PAPER 2

1(a) Explain five differences between a public corporation and a public limited company. (10 mks)

(b) Explain five factors that would lead to increase in the level of National income. (10 mks)

2(a) Explain five factors that hinder entrepreneurial activities in a country. (10 mks)

(b) Makhisa traders started a business on 1st January 2022 with cash in hand sh. 50,000 and cash at bank sh. 19,000. His transactions during the month of January, 2022 were as follows:

- Jan 1 : Bought furniture worth sh. 10,000 by cash.
- Jan 2 : Deposited sh. 5,000 cash in the business bank account from the cash till.
- Jan 5 : Sold goods to Michael worth sh. 7,900 on credit.
- Jan 12 : Makhisa disposed off a van at sh. 70,000 receiving Payment of sh. 27,000 by cheque and a balance in cash.
- Jan 15 : Paid rent sh. 1,700 cash.
- Jan 16 : Paid salaries sh. 2,200 by cheque.
- Jan 20 : Received donations sh. 15,000 by cheque.
- Jan 22 : Withdrew cash sh. 10,000 for personal use.
- Jan 28 : Transferred all cash into the bank except sh. 1,000.

Required:

Prepare a two column cash book for Makhisa traders for the month of January, 2022.

(10 mks)

3(a) Explain five roles of middlemen in the chain of distribution. (10 mks)

(b) Explain five principles of insurance. (10 mks)

4(a) Explain five benefits of mobile banking to customers. (10 mks)

(b) The following trial balance was extracted from the books of Atiti traders for the year ended 31st December 2021.

Atiti Traders
Trial Balance
As at 31/2/2021

Details	Dr (Shs)	Cr (Shs)
Capital		250,000
Drawings	33,000	
Stock (1/1/2021)	47,000	
Purchases	300,000	
Sales		420,000
Returns	4,000	7,000
Carriage outwards	10,000	
Carriage inwards	28,000	
Discounts	4,000	14,000
Motor vehicle	130,000	
Furniture	25,000	55,000
Creditors		
Premises	100,000	
Debtors	50,000	
Bad debts	<u>15,000</u>	
	<u>746,000</u>	<u>746,000</u>

Additional information.

Stock at 31st December 2021 was valued sh. 55,000.

Required

Prepare

- (i) Trading, profit and loss account for the year ended 31st December 2021.
- (ii) Balance sheet as at 31/12/2021.

5(a) Explain five ways in which inflation can be controlled by the government.

(10 mks)

(b) Explain five barriers to effective communication.

(10 mks)

6(a) Explain five disadvantages of using direct taxes to raise government revenue.

(10 mks)

(b) Explain five circumstances in which a firm may acquire monopoly Power.

(10 mks)

KCSE REPLICA 5

PAPER 1

1. Outline four benefits that consumers get from warehousing. (4mks)

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

2. Name the business document that each of the following descriptions refers.(4 Marks)

Description	Document
a)It is used to correct an overcharge in an invoice	
b)It is used to alert the buyer that ordered goods are on the way	
c)Summarize all monthly credit transactions between regular buyer and seller.	
d)It is a reply to an inquiry which contains descriptions, illustrations, terms of sale and prices of goods	

3. Outline four reasons why a business person may prefer written communication to verbal communication. (4 Marks)

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

4. Outline factors that may lead to a shift in the supply curve to the right. (4mks)

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

5. Using a tick(√) indicate the effect of the following transactions on capital(4mks)

Transaction	Increase	Decrease	No effect
a)Withdrew cash for personal use			
b)Used personal savings to buy stock			
c)Paid a creditor by cheque			

d) Bought office furniture in cash			
------------------------------------	--	--	--

6. Omamo a trader had the following assets and liabilities on 1st February 2020.

	Shs
Capital	120,000
Machinery	80,000
Trade creditors	10,000
Trade Debtors	20,000
Stock in trade	25,000
Cash at hand	5,000

On 2nd Feb the following transactions took place

- Purchased goods on credit for shs. 15,000
- Received a cheque sh. 10,000 from a debtor
- Sold the machinery for shs. 90,000 in cash

Required: Prepare Omamo Balance Sheet as at 2nd January 2020 after the above transactions (5mks)

7. State four external factors that may positively influence the operation of a business.(4mks)

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

8. Outline four circumstances when the government may introduce regulatory measures to protect consumers from exploitation by business people. (4mks)

- i)

- ii)
- iii)
- iv)

9. State four features of a perfectly competitive market (4mks)

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

10. Identify four factors that may cause demand- pull inflation to occur in a country (4 Marks)

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

11. The following transactions relate to Salim traders

- a) 15th Feb 2020 sold an old business vehicle for shs. 150,000 on credit to Recovery Motors
- b) 20th Feb 2020 bought a new sewing machine on credit from singer limited for shs.50,000

Required: Record the above transactions in a General Journal

12. State four demerits that are associated with water transport. (4 Marks)

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

13. State four advantages of an open office layout to an organization (4mks)

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

14. Highlight four features private limited company (4 Marks)

- i)

- ii)
- iii)
- iv)

15. Open relevant ledger accounts using the following information. (4 Marks)

- 1/2/2011 started business with sh. 10,000 in cash and sh. 50,000 at bank.
- 2/2/2011 Bought goods on credit from LK traders worth sh.5000
- 4/2/2011 Withdrew sh. 2000 from bank for office use.

16. Outline four circumstances where personal selling is appropriate. (4 Marks)

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

17. Highlight four benefits that a firm may enjoy by preparing a business plan. (4 Marks)

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

18. Highlight four forms of economic integration (4 Marks)

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

19. A business had the following record for the year ended 31st December 2018

Capital as at 31/12/18	64,000	
Net profit for the year	14,000	
Capital as at 1 st Jan 2018	42,000	
Monthly drawings	1,500	
Calculate the additional investments made during the year		(4 Marks)

20. Outline four principles that guide a government in spending public finance (4 Marks)

- i)

- ii)
- iii)
- iv)

21. State four negative implications of ageing population in a country (4 Marks)

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

22. State four errors which may affect the agreement of a trial balance(4mks)

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

23. The following information relates to Mumbua traders for the year ended 31st April 2020.

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) Purchases for the year (1Mark)
- iv) Net profit (1Mark)

24. State any four money transfer facilities offered by commercial banks (4 Marks)

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

25. State four problems encountered at the plan implementation stage in economic planning and development (4 Marks)

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

PAPER 2

1. a) Explain **five** circumstances that can cause a business to succeed in their activities. (10 marks)
- b) Describe the procedure an insured must take when making an insurance claim. (10 marks)
2. (a) Mzalendo Enterprises started business on 1st July 2010 with Shs. 250,000 consisting of: Cash at bank Shs.200,000, Cash in Hand Shs. 30,000 and Furniture Shs. 20,000. The following transactions took place during the month of July 2010.
 3rd July 2010, Motor Van worth Shs. 85,000 and stock of Shs. 25,000 were bought on credit
 4th July 2010, more stock worth shs.10,000 was bought by cash
 10th July 2010, withdrew money from bank sh 50,000 for office use
 15th July 2010, Sold stock at cost to a customer on credit for shs. 18,500
 19th July 2010, received a cheque for the full settlement of a debt owed from the transaction of 15th July 2010
 23rd July 2010, paid Shs. 65,000 by cheque for the motor van bought earlier on credit
 29th July 2010, paid Shs. 20,000 cash for the stock bought on credit

Required:

Prepare the balance sheet of Mzalendo Enterprises as at 30th July 2010. (10marks)

- (b) Explain **five** reasons why upward communication should be encouraged in an organization. (10 marks)
3. (a) On 1st March 2020, Yawa had cash in hand shs. 7,800 and a bank overdraft of shs 23,400. During the month of the following transaction took place.
 March 3: Cash sales sh. 6500 paid directly into the bank.
 March 4: Bought goods for sh. 15,000 by cheque.
 March 6: cash sales sh. 50,000
 March 9: Received a cheque for sh. 18,000 from Amolo in full settlement of his account of sh. 20,000.
 March 13: Paid insurance premiums sh. 16,000 in cash.
 March 14: Paid Kimotho by cheque sh. 9,700 in full settlement of his debt of sh. 10,000.
 March 17: Cash sales sh. 150,000 paid directly into the bank.
 March 21: Withdrew shs. 30,000 from bank for office use.
 March 23: Received a cheque of sh. 23,750 from Rotich after having deducted 5% cash discount.
 March 25: Paid wages shs. 20,000 in cash.
 March 26: The cheque received by Amolo was dishonoured.
 March 30: Banked all cash except sh. 3,000.

Required: Prepare a three-column cashbook.

(10mks)

- (b) Explain five challenges that may be experienced by a country whose population is made up of a large proportion of young people. (10mks)
4. (a) Explain five circumstances under which personal selling may be appropriate as a method of product promotion. (10mks)
- (b) Explain five factors that may hinder entrepreneurial activities in a country. (10mks)
5. a.) As business expands, it experiences economies of scale such as division of labour and specialization. Explain Five benefit of the economy of scale mentioned to the business (10mks)
- b.) Kamau operates a large hardware business in a town in Kenya. A part from motor vehicle insurance policies, highlight giving reasons, five insurance policies that may be beneficial for this business. (10mks)
6. a) Explain **five** advantages of M-pesa (10 mks)
- b) Using a well labeled diagram, illustrate, the effect of reduced cost of production on equilibrium price and output (10mks)

**KCSE REPLICA 6
PAPER 1**

1. Give four features of basic human wants. (4mks)

.....

2. Define the following terms appropriately. (4mks)

a) Mortality rate

.....

b) Fertility rate

.....

c) Life expectancy

.....

d) Infant mortality rate

.....

3. Distinguish between the following (5mks)

Debentures	Preference shares
a.	
b.	
c.	
d.	
e.	

4. State the type of document described below. (4mks)

a. Show from which country the goods are coming from.

.....

b. Written by an exporter authorizing his bank to sell goods on his behalf

.....

c. Allow importer to get goods on credit and cannot be changed by the importer without exporters permission.

.....

d. Help in quicker clearance and it is issued by country's official abroad.

.....

5. Indicate whether the following items are falling in real, nominal or private accounts. (3mks)

Account

- (a) Sales
- (b) Carriage inwards
- (c) Fixture and fittings
- (d) Stock
- (e) Cash
- (f) Capital

6. Outline four characteristics of multiple shops (4mks)

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7. Highlight four ways in which the central bank acts as a banker to the government. (4mks)

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8. State four negative effects of high taxation in Kenya. (4mks)

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9. Write whether the following transactions will have an increase, decrease or no effect on the balance sheet totals.

(4mks)

Transaction

Effect

- a. Withdrew stock for personal use
- b. Paid a creditor by cheque
- c. A debtor paid by cash
- d. Received a loan by cheque

10. Give Meshack four reasons why he should not introduce division of labour in his factory. (4mks)

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11. Highlight four roles played by personal secretary (4mks)

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12. In a well labelled illustration, show a shift in the supply curve. (5mks)

13. Given the following information of Elisha Traders (4mks)

Land and Building.	490,000
Machinery	300,000
5 year loan	110,000
2 year loan	80,000
Creditors	90,000
Debtors	100,500
Stock	75,600
Cash	40,000
Bank overdraft	69,900

Calculate,

a) Working capital (1mk)

b) Current ratio (1mk)

c) Capital owned (1mk)

d) Borrowed capital (1mk)

14. Outline four trends in forms of business units. (4mks)

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15. State four reasons that can lead to the termination of an insurance policy. (4mks)

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16. State four essential elements in communication. (2mks)

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17. Record the following transaction in the General journal.

- June 1st bought furniture on credit from Wahu traders 25,000/=
- June 2nd exchange a motor van book value 240,000 for a machine valued at 280,000/=
- June 3rd sold furniture valued at 15,000 on credit to Erick for 13,400/=
- June 4th bought a van from c.m.c worth 390,000 paing 300,000 cash the rest to be paid later. (4mks)

18. State four disadvantages of delocalization of firms. (4mks)

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.....

19. State four assumptions of circular flow of income in a two sector economy (4mks)

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.....
.....

20. Highlight four roles of advertising agencies in product promotion (4mks)

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.....

21. Outline four benefits of commercial production (4mks)

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.....
.....

22. Outline four reasons for one to hire human portorage instead of a pick-up to transport goods. (4mks)

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

24. Name four documents that originate from the seller in the home trade. (4mks)

25. State four limitations of trial balance. (4mks)

PAPER 2

- 1(a) Every institution has office staff which should have certain prescribed code of behaviour. Explain five office etiquette of an office staff. (10mks)
 (b) Explain five methods that government uses to protect consumers. (10mks)
- 2.(a) Explain five insurance policies that the proprietor of Umoja Supermarket may take to his business. (10mks)
 (b) Explain five negative effects of inflation. (10mks)
- 3.(a) Describe five channels used to distribute manufactured goods in Kenya.
 (b) Highlight five differences between a co-operative and a public limited company. (10mks)
- 4.(a) Explain five consideration that the county government should look into before Incurring any expenditure.
 (b) The following transactions were extracted from the books of NKUNDI enterprise for the month of August.
- (i) August 1st cash in hand Ksh.13,000 and at bank Ksh.28,000.
 - (ii) August 3rd cash sales amounting to Ksh. 15,000.
 - (iii) August 5th received Ksh. 7,800 form Mwenda after deduction of 2 ½ % cash discount.
 - (iv) August 7th paid Kananu Ksh.17,000 by cheque in full settlement of her account of Ksh.17,500.
 - (v) August 9th received Ksh.19,000 from Kawira after allowing 5 % cash discount.
 - (vi) August 10th Deposited Ksh.15,000 into the bank from the cash till.
 - (vii) August 11th took Ksh.9,500 cash for personal use.
 - (viii) August 15th paid Barazaksh. 8,800 after deducting 12% cash discount by cheque.
 - (ix) August 20thBanked some cash leaving Ksh.12,300 in the cash till.

Required: Prepare a three column cash book for Njundi Enterprise duly balanced.(10mks)

- 5.(a) Kwanza limited operates as monopolist. Explain five possible factors that made this firm acquire monopoly power. (10mks)
 (b) A flower farmer in Njoro has secured market for her flowers in a foreign market. Explain five reasons why the farmer should use air to transport his flowers.
- 6.(a) Explain four factors that lead to business success. (8mks)
 (b) The following trial balance was extracted from the books of Hekima Traders as at 30th June 2010.

Details	Dr.(sh)	Cr(sh)
Premises	1,500,000	
Debtors & creditors	20,000	30,000
Cash (bank)	90,000	
Cash (hand)	10,000	
Purchases and sales	140,000	320,000
Stock 1 st June 2010	45,000	
Salaries and wages	50,000	
Discounts	6,000	
Commissions		2,000
Power & lighting	12,000	8,000
Returns	15,000	19,000
Carriage inwards	5,400	
Carriage outwards	2,300	
Capital		1,543,700
Furniture	27,000	
	1,922,700	1,922,700

Stock on 30th June 2010 was worth shs. 22,000

Required:

Prepare a trading, profit and loss account for the year ending 30th June 2010.(12mks)

KCSE REPLICA 7

PAPER 1

1. State **four** characteristics of services. (4 marks)
(4 marks)

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

2. In the spaces provided below, indicate the level of production that relates to each of the following activities: (4 marks)

(4 marks)

Activity	Level of production
(a) Selling goods in the market	_____
(b) Fishing from a river	_____
(c) Constructing a road	_____
(d) Making shoes	_____

3. List four types of business activities. (4 marks)

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

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

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

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

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

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

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

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

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

8. Outline **four** factors that may lead to the success of business. (4 marks)

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

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

- (a) _____

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

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

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

11. Complete the table below for business W, X, Y and Z.

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

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

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

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

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

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

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

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

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

16. The following information relates to Kamara 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)
- (b) Rate of stock turnover for the year. (2 marks)

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

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

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

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

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

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

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. Mumias West 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)

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

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

24. Outline how the following utilities are fulfilled: (4 marks)

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

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

PAPER 2

1. a). Explain **FIVE** benefits that may occur to a community that is involved in trading activities. (10 marks)

- b). Explain **FIVE** factors to consider when establishing a warehouse for imported goods. (10 marks)

2. a). Explain **FIVE** ways of making face to face communication effective. (10 marks)

- b). Explain **FIVE** documents required to be filled with the registrar of companies to facilitate registration of companies. (10 marks)

3. a). Explain **FIVE** factors that may be considered in locating a firm. (10 marks)

- b). Angoa Enterprises had the following balances as at 31st December, 2021. Cash in hand Kshs. 20,000 and a bank overdraft of Kshs. 8,600.
 During the month, the following transactions took place:
 March 3: Wafula settled his account of Kshs. 16,000 by a Cheque of Kshs. 15,000.
 6: Paid rent by Cash Kshs. 8,000.
 10: Deposited Kshs. 6,000 into the business bank account from the cash till.
 15: Paid Wamalwa account of Kshs. 20,000 by Cheque and he received a discount of 2%.
 18: Deposited Kshs. 28,000 in the bank from private sources.
 21: Cash Sales Kshs 12,000.
 26: Purchased furniture for Kshs. 5,200 by Cheque.
 30: Withdrew Cash from the bank for personal use leaving a bank balance of Kshs. 5,600 in the bank account.

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

4. a). Explain **FIVE** measures the government may take to control inflation. (10 marks)

- b). Explain **FIVE** demerits that may be associated with water transport. (10 marks)

5. a). Explain **FIVE** reasons why effective filing system is important in an office. (10 marks)

- b). Explain the following concept as used in population.
 - i) Fertility (2 marks)
 - ii) Infant Mortality rate. (2 marks)
 - iii) Life expectancy (2 marks)
 - iv) Optimum population. (2 marks)
 - v) Per capita income. (2marks)

6. a). Explain **FIVE** benefits a customer will derive from buying goods from a departmental stores. (10 marks)

b). The following Trial Balance was extracted from the books of Shianda Utensils on June 2010.

Shianda Utensils
Trial Balance
As at 30th June, 2010

Details	Dr	Cr
Capital		336,000
Sales		187,000
Purchases	140,000	
Stock (1/7/2009)	21,000	
Returns	7,000	10,000
Discounts	4,800	4,100
Motor vehicle	30,000	
Premises	300,000	
Debtors	14,500	
Creditors		24,000
Rent	6,900	
Advertising	11,000	
Carriage outwards	4,500	
Cash at bank	8,400	
Wages and Salaries	5,600	
Cash in hand	7,400	
TOTAL	561,100	561,100

Stock on 30th June, 2010 was valued at Kshs. 20,000.

Prepare: a) Profit and loss account for the year ended June 30th 2010. (6 marks)

b) Balance sheet as at 30th June, 2010. (4 marks)

KCSE REPLICA 8

PAPER 1

1. Highlight any **four** difficulties encountered in satisfaction of human wants. (4mks)

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

2. Highlight **four** limitations that small scale retailers face. (4mks)

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

3. Give **four** factors that influence the location of a public warehouse. (4mks)

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

4. Highlight **four** external factors that may negatively influence the operations of a business. (4mks)

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

5. Mention **four** challenges that a business with no plan will encounter in its operations. (4mks)

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

6. Highlight **four** merits of indirect tax in the Kenyan economy. (4mks)

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

7. State **four** services that the central bank of Kenya offers to commercial banks. (4mks)

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

8. Highlight any **four** contemporary trends of communication in Kenya today. (4mks)

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

9. Highlight **four** reasons why the owner of a small business enterprise would prefer to advertise his goods through use of posters. (4mks)

- (i)

- (ii).....
- (iii).....
- (iv).....

10. Outline **four** roles played by Licensing as a government regulatory tool. (4mrks)

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

11. Distinguish between each of the following sets of goods and services. (4mrks)

(i) Free goods and economic goods.....

(ii) Producer goods and consumer goods.....

(iii) Material goods and non-material goods.....

(iv) Intermediate goods and finished goods.....

12. For each of the following transactions indicate in the space provided the type of journal in which the record would be made.

(4mrks)

<u>Transaction</u>	<u>Journal</u>
(i) Motor vehicle bought on credit	-----
(ii) Bought goods on credit	-----
(iii) Returned goods to credit suppliers	-----
(iv) Sold goods on credit	-----

13. The following balance were extracted from the books of TOTO KAKILE Traders on 31st January 2021

	KSHS.
Carriage outwards	1,800
Capital	10,000
Commission allowed	2,500
Drawing	1,500
Discount received	1,750
Furniture	8,200
Commission received	1,200
Creditors	1,050

Required: Prepare Trial balance as at 31 January 2021

14. Highlight **four** problems that are likely to be faced by a firm as a result of the expansion of the entire industry. (4mks)

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

15. Upendo traders had the following information extracted from their books of accounts as at 31st December 2020

Capital (1.1. 2020)	3,50,0000
Profit	824,440
Drawing for the year	35,220
Capital (31. 12.2020)	5,000,000

Required – Calculate the additional investment for the year. (4mks)

16. -Outline four characteristics of general insurance (4mks)

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

17. Janet’s shop sold all goods at a margin of 20% for the year ended 30th June2020. Its trade activities were as follows

Sales	95,00
Purchases	8,000
Closing stock	2,000
Net profit	5 % of sales

Calculate

(a) Mark – up percentage. (2mks)

(b) Opening stock (2mks)

18. Identify any **four** reasons why it is difficult to remove retailers in a chain of distribution. (4mks)

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

(iv).....

19. Identify any **four** factors that may make the supply curve of shift to the right. (4mks)

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

20. List **four** forms of economic integration. (4mks) (i)

-
- (ii).....
- (iii)
- (iv).....

21. Fill in the blanks in the table below. (4 mks)

YEAR	ASSETS(SH)	CAPITAL(SH)	LIABILITIES(SH)
2018	400,000	155,000
2019	158,000	62,000
2020	18,0000	6,000
2021	67,000	25,000

22. State **four** causes of demand Pull inflation (4 marks)

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

23. Outline what the symbols stand for in calculation of National income

$$Y = C + I + G + (x - m) \quad (4mks)$$

C

I

G

(x-m)

24. Name **four** documents that may be required by the registrar of companies in order to register a public limited company. (4mks)

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

25. State **four** problems that may be encountered during the formulation of a development plan (4mks)

PAPER 2

1. (a) Explain **five** features of perfect competition market structure . (10 marks)
- (b) Describe **five** generally accepted codes of behavior in the office . (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 **five** negative economic implications of this age distribution to a country. (10 marks)
3. (b) Outline **five** differences between land and labour as a factor of production.(10 marks)
 - (a) Explain **five** circumstances that make it necessary for insurance companies to re-insure. (10 marks)
 - (b) Explain **FIVE** characteristics of good money. (10 marks)
 4. (a) Explain **five** methods that can be used by a country to solve the problem of balance of payment deficit. (10 marks)
 - (b) The following balances were extracted from the books of Mutua Traders for the year ended 31 Dec 2010 having prepared a trading account.

	Dr. (sh)	Cr. (Sh)
Gross profit		38,100
Cash	105,060	
Motor van	603, 000	
Capital		653,560
Equipment	200,600	
Furniture	94,400	
Creditors		74,300
Debtors	75,900	
Discount received		26,400
Salaries	12,400	
Carriage outward	14,400	
Rent		12,600
Advertising	22,200	
Insurance	9,400	
Bank overdraft		412,600
Stock	80,200	
	1,217,560	1,217,560

Required

- (i) Prepare a profit and loss account of Mutua Traders for the year ended 31st Dec 2001(5mks)
- (ii) A balance sheet as at that date. (5mks)
5. (a) Explain the **five** adverse effects of inflation in an economy.(10marks)
- (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) Explain **five** benefits the government of Kenya may get from privatization of public corporations.(10 marks)

KCSE REPLICA 9

PAPER 1

1. State four merits associated with internal borrowing (4 marks)

.....

2. State four consequences that may arise due to poor arrangement of goods in a warehouse (4 marks)

.....

3. The inflation rate in county moved from 6.1% to 7.6%. State four positive outcomes of this change (4 marks)

.....

4. The following balance sheet was incorrectly prepared

CHUMA Enterprises
 Balance sheet
 As at 31st October 2020

Capital	100,000	Bank overdraft	15,000
Stock	28,000	Motor vehicle	70,000
Cash in hand	4,000	Debtors	37,000
Fixtures	<u>2,000</u>	Creditors	<u>26,000</u>
	<u>134,000</u>		<u>148,000</u>

Prepare the correct balance sheet arranged in **order of liquidity** to show fixed assets, current assets, current liabilities and capital. (4 marks)

5. Highlight four circumstances under which a manufacturer would find it necessary to carry out market research. (4 marks)

.....

6. State four factors that determine the amount of revenue collected by Kenyan government through taxation. (4marks)

.....

7. Other than the use computers in an office, mention four recent trends in office management. (4 marks)

.....

8. State any four principles that govern the operations of co-operative societies in Kenya (4 marks)

.....

9. The table below represents quantity of commodity X demanded by consumer A and B.

Price per unit of x	Quantity of x demanded by A in a week.	Quantity of commodity X demanded by B in a week.
20	200	400
10	200	600
5	300	700
2	400	800

State four possible reasons why B demands more of commodity X at every price than A (4 marks)

.....

10. Outline four ways in which a good business structure is of benefit to a business organization (4 marks)

.....

.....11. Outline four factors that determine the amount of money that an individual may hold in order to meet unexpected expenses (4 marks)

.....

12. Give four reasons why the Kenya government has been organizing seminars and workshops for training youth in businesses (4 marks)

.....

13. Mention four circumstances under which an entrepreneur may establish his/her business where other businesses already exist (4 marks)

.....

14. Give four differences between a public limited company and a partnership. (4 marks)

.....

15. Highlight four measures that a government may take to correct a balance of payment deficit in the county (4 marks)

.....

16. Juma traders had the following information

Opening stock	40,000
Closing stock	55,000
purchases	200,000
Margin	25%

Required

a.) Calculate Juma’s Rate of stock turn over. (3marks)

b.) State the importance of having a low rate of stock turnover. (1mark)

.....

17. Outline four ways in which the nature of a product influences the choice of distribution channel. (4 marks)

.....

18. Mention four circumstances under which a retailer may return goods to a wholesaler. (4 marks)

.....

19. **State four reasons** why billboards are popular in product promotions (4 marks)

.....

20. The following balances were obtained from the books of sunset traders as at 30th June, 2004.

Stock 1 st July 2003	45,000
Purchases	159,000
Sales	235,000
Stock 30/June/2014	33,000
Capital	75,000
Return outwards	3,000
Operating expenses	13,000

Calculate:

i) Stock turnover rate. (2 marks)

ii) Return on capital. (2 marks)

21. State four ways in which legal political environment may improve business performance (4 marks)

.....

22. Distinguish the following types of goods as used in production.

i) Producer goods and consumer goods. (2 marks)

.....

ii) Intermediate goods and finished goods. (2 marks)

.....

23. The following cashbook was prepared by Kajuka Traders for the month of July 2021.

kajuka traders'
Cash book

Dr Cr.

Date	Details	lf	cash	Bank	Date	Details	LF	cash	Bank
<u>2021</u>					<u>2021</u>				
July 2	Balance	b/d	Y		July 4	Balance	b/f		60,000
July 8	Sales		20,000		July 13	Purchases			30,000
July 18	Akinyi			50,000	July 21	Rent		6,000	
July 25	Sales			<u>120,000</u>	July 27	Balance	c/d	<u>P</u>	<u>Q</u>
				<u>170,000</u>				<u>60,000</u>	<u>R</u>

Calculate the missing figures. (4 marks)

(i) Y

.....

(ii) P

.....

(iii) Q

.....

(iv) R

.....

24. Mention four benefits that may be enjoyed in a country that is experiencing over- population (4 marks)

.....

25. Highlight four limitations posed by the use of national income statistics as a way of comparing the living standards of people for different countries. (4 marks)

.....

PAPER 2

1. a) Explain **five** methods used by central bank to increase money supply in the economy. (10mks)
- b) Discuss **five** ways in which the government can reduce unemployment levels in Kenya (10mks)
2. a) Explain **five** factors that may limit the use of containers as a method of transporting goods in a developing country. (10mks)
- b) The following Trial balance was extracted from the books of Kabaka traders as at 30/6/2018.

Kabaka Traders
Trials balance as at 30/6/2021

Particles	Dr	Cr
Sales		900,000
Purchases	600,000	
Return inwards	80,000	
Carriage inwards	40,000	
Return outwards		20,000
Carriage outwards	3,000	
Stock 1 st Jul 2017	100,000	
Rent	60,000	
Delivery van	180,000	
Bank	60,000	
Creditors		170,000
Debtors	120,000	
Discount allowed	80,000	
General expenses	18,000	
Capital		178,000
	1,268,000	1,268,000

Stock on 30th June 2018 was valued at 135,000/=

Required: **Prepare Kabaka Traders Trading profit and loss A/c.**

3. a) Explain **five** advantages of government involvement in Business. (10mks)
- b) Discuss five factors that may influence entrepreneurial practices positively in the country (10mks)
4. a) Apart from selling of shares, explain **five** other sources of finance for public limited company
- b) Explain **five** features of oligopoly. (10mks)
5. a) Muema is planning to construct a warehouse for renting. Explain **five** measures that he may take to ensure its smooth operation. (10mks)
- b) Outline **five** measures that the Kenya government may take to reduce unemployment. (10mks)
6. a) Explain **five** methods used to distribute imported manufactured goods. (10mks)
- b) The following transactions relates to Konate Traders for the month of December 2010.
 - Dec 1st Started a business with sh. 200,000 in the Bank account.
 - 2nd Bought furniture for sh, 50,000 and paid by cheque
 - 3rd Sold goods on credit to Tilashs, 20,000; Katu 10,000
 - 4th Bought goods on credit from Kahamash 30,000; Kanga shs. 40,000
 - 5th Returned faulty goods to Kahamash 5,000
 - 6th Paid Kahama on account by cheque less 10% cash discount.
 - 7th Received faulty goods from Katushs. 2000
 - 8th Received payment due from Tila and Katu by cheque less 5% cash discount.
 - 9th Cash sales shs. 100,000
 - 10th Paid for wages shs. 20,000 by cash and electricity shs.10,000 by cheque.
 - 11th Deposited all the cash in hand into the bank account.

Required:

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

KCSE REPLICA 10

PAPER 1

1.Highlight three benefits of business to a society.(3 marks

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

2.State four advantages of locating a firm near the source of raw materials.(4 marks)

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

3.Highlight four trends in communication. (4 marks)

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

4.Outline four advantages of a rapidly growing population. (4 marks)

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

5. Outline four ways through which peace within a country benefits a business.(4 marks)

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

6.Primary level is the major contributor of gross domestic product in developing countries as compared to other levels of production.State four reasons for this.(4 marks)

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

7.State four advantages of using intermediaries in the distribution of goods.(4 marks)

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

8.Highlight four differences between acooperative societies and private limited company. (4 marks)

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

9.State four advantages of using modern technology in an office. (4 marks)

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

10. The following information was extracted from the books of Venus traders as at 31st December 2020:

Details	shs
5 years loan	256,700

Land	120,000
Cash	24,600
Creditors	37,400
Building	430,500

Prepare Venus traders balance sheet as at 31st December 2020.(4 marks)

11.Outline four factors that may hinder geographical mobility of labour. (4 marks)

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

12.The following relate to Furaha Traders for the year 2020

- i)closing capital (31.12.2020) sh 300,000
- ii)the owner converted his personal computer valued at sh 35,000 into business use.
- iii)the owner had withdrawn goods worth sh 40,000 for personal use.
- iv) incurred losses amounting to sh 65,000

Determine Furaha Traders intial capital on(1.01.2006). (4 marks)

13.For each of the following source documents ,indicate the book of original entry:(4 marks)

Source document	Book of original entry
Received receipt	
Incoming invoice	
Outgoing credit note	
Incoming cash sale slips	

14.Highlight four measures that a government may take to reduce the mortality rate in a country. (4 marks)

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

15.The following balances were extracted from the books of Mavuno Traders for the year ended 31st march 2021.

Gross profit.	186,200
Discount allowed.	7,400
Carriage outwards.	13,500
Rent received.	34,300
Office expenses.	19,600
Salaries.	57,000

Prepare a profit and loss for the ended 31st march 2021(5 marks)

16.State four factors that determine the amount of money held for precautionary motive. (4 marks)

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

17.State four methods of sale promotion a business may adopt.(4 marks)

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

18.State four reasons why consumers have to make a choice between competing needs.(4 marks)

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

19. Identify the retailers described in the statement given below (4marks)

Statement	Retailers
a) sell goods by displaying them along the street	
b) move from one place to another on foot selling their products	
c) Dispenses goods with the use of coins operated machines	
d) Meet on designated days in open ground to sell their goods.	

20. State four ways a business can use to motivate its work force. (4 marks)

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

21. List four types of businesses activities. (4 marks)

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

22. Highlight four benefits of selling goods online. (4 marks)

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

23. Identify four circumstances under which an insurance contract may be terminated. (4 marks)

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

24. State four characteristics of a successful entrepreneurs. (4 marks)

25. Show the effect of each of the following transaction to capital, assets and liabilities indicating if its increasing(+), decreasing(-) or nil(0). (4 marks)

Transaction	Capital	Asset	Liability
a) Converted private house into business premises			
b) Paid creditors in cash			
c) Sold a business car valued at sh 400,000 for sh 300,000 on credit			
d) Sold goods on credit			

PAPER 2

1. a) Explain **five** ways in which the internal environment may contribute to the success of a business enterprise. (10 marks)
- b) Highlight **five** channels of distribution that a Kenyan manufacturer would use to ensure their goods reach consumers in another country. (10 marks)
2. a) Some developed countries have a huge population made of ageing persons. Explain **five** problems this situation could present to such countries. (10 marks)
- b) The following information was obtained from the Books of Muthaura traders,

Sales	Kshs. 270,000
Margin	40%
Turnover	6 times
Expenses	Kshs, 40,000

From the above information,

Calculate:-

- a) Gross profit (3 marks)
- b) Cost of goods sold (2 marks)
- c) Average stock (3 marks)
- d) Net profit (2 marks)
3. a) Describe **five** accounting documents used in home trade. (10 marks)
- b) Explain **five** demerits a country may suffer when the Government becomes a major investor in business (10 marks)
4. a) Explain **five** challenges that may be experienced by a new entrepreneur intending to start a business in Kenya. (10 marks)
- b) Explain **five** reasons why per capita income is not an indicator of a better living standard in a country. (10 marks)
5. a) Outline **five** merits of Indirect taxes (10marks)
- b) Explain **five** problems that the insurance industry is facing in Kenya today. (10 marks)
6. a) There has been a decline in the demand for bananas in a certain market. Explain **five** factors that may have caused this trend (10 marks)
- b) On 1st January 2021, Tom Owino Traders had Kshs. 6520 cash and Kshs. 9847 at the Bank.

During the month, the following transactions took place;

January

- 2 Paid transport by cheque shs. 2,000
- 3 Issued a Cheque to AFC settling an invoice for shs. 10,000 deducting 2% cash cash discount
- 4 Sold goods for cash shs. 4,000 less 2% cash discount
- 5 Banked shs. 1,000
- 6 Received a Cheque from Kamau shs. 2,500 less 2% cash discount
- 8 Paid Water bill in cash shs. 590
- 9 Withdrew cash from Bank for Office use shs. 800
- 10 Received a Cheque of shs. 5,000 from a debtor less 5% cash discount
- 11 Received cash of shs. 900 from John and gave a cash discount of 2%.
- 12 Banked all the cash except shs. 100

Required: Prepare a duly balanced three column Cash Book (10 marks)