

KCSE FINAL PREDICTION

BUSINESS STUDIES

(KCSE PREDICTIONS 1-10)

An Exclusive Top-Notch KCSE Model Prediction Questions.

*A special preview of Possible Expected sample KCSE Questions
Most likely to be Tested in the Forthcoming KNEC examinations.*

SERIES 1

*Proudly prepared by an Exceptional team of
Experienced Veteran KNEC examiners within the
National Group of Mwalimu Agency.*

For Marking Schemes/Answers

0746 222 000

MWALIMU AGENCY

KCSE FINAL PREDICTION

BUSINESS STUDIES

TRIAL 1 PAPER 1

NAME..... INDEX NO.....

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QUESTIONS

- 1) Outline **four** ways in which a good business structure is of benefit to a business organization (4mks)
- 2) Outline **four** difficulties that would be faced by an individual in the satisfaction of human Wants (4mks)
- 3) The following is a table of activities. Name the utility that is created by each activity. 4mks)

Activity	Utility
i) Making Chairs from timber	
ii) Shopkeepers selling sugar to consumers	
iii) Pharmacist delivering milk to a hospital	
iv) Delivering milk to consumers early in the morning	

- 4) Using a diagram, illustrate how a decrease in demand occurs while holding all factors constant apart from price. (4mks)
- 5) State **four** circumstances under which it may be appropriate to use personal selling as a form of product promotion. (4mks)
- 6) K Ltd a manufacturing firm has been performing poorly in the recent past. Highlight four measures that they can take to improve their profitability. (4mks)
- 7) State **four** functions of commercial attaches. (4mks)

- 8) Give **four** reasons why some traders prefer to operate supermarket business (4mks)
- 9) State **four** reasons why short message service (SMS) is replacing letters as a way of communication (4mks)
- 10) Describe **four** channels used when importing commodities. (4mks)
- 11) Outline four emerging trends in office management. (4mks)
- 12) Give **four** benefits that are likely to result from a modern railway network in the country (4mks)
- 13) Outline **four** features of monopolistic competition (4mks)
- 14) State **four** merits of storing goods in a public warehouse (4mks)
- 15) The following account balances were extracted from the books of misingo traders on 30th April 2002

Machinery	460000	Stock	20,000
Debtors	50,400	Cash in hand	35,000
Creditors	38,200	Bank overdraft	65,900

Determine capital as at 30th April 2012 (4mks)

- 16) The table below shows descriptions of different types of partners. Identify type of partners that match the description

Description	Type of partner
Do not contribute capitals	
Those whose private properties can be used to pay business costs	
Do not participate actively in management	
Are above 18 years of age	

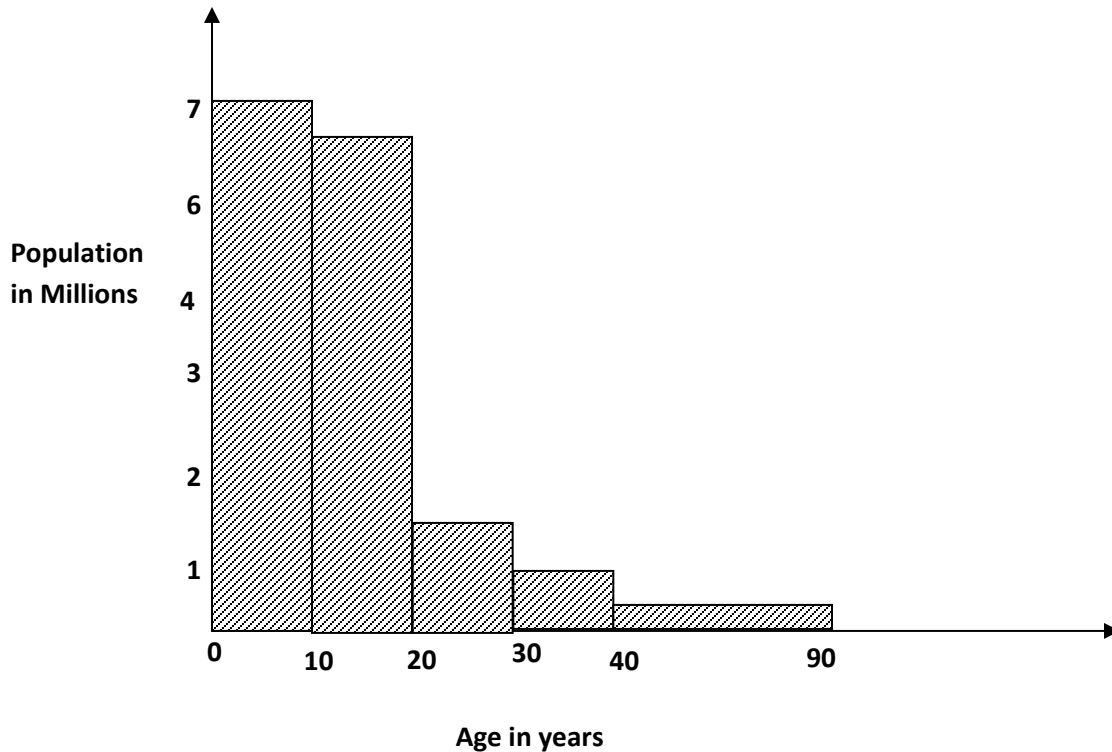
- 17) On 31st December 2013 Kiu Traders had made a turnover of Sh.80, 000 for the year and had a closing stock of SH.10, 000. If the business was working at a margin of 20%, draw its trading account for the period ending 31st, December 2013 (4mks)
- 18) Outline four source documents used in recording transaction. (4mks)
- 19) On 1st March 2006 the cash book of Kericho traders showed cash and bank balances of sh. 15000 and sh 147000 respectively. The following transactions took place during the month
 - May 3 cash sales sh 120, 000
 - May 11 paid sh. 7,500 cash in respect to wages
 - May 16 received a cheque of sh. 250,000 from a debtor
 - May 26 withdrew sh. 25,000 from bank for office use.
 - May 29 paid sh. 97,000 cash to creditor
 Prepare a two column cash book (4mks)

- 20) Explain the following terms as used in insurance (4mks)
- a) Surrender value.....
 - b) Beneficiaries.....
 - c) Re – insurance.....
 - d) Cover note.....

- 21) Match the following description of errors with the type of errors made when keeping books of accounts (4mks)

Description	Error type
Occurs where errors is both the debit and credit balances are of equal amounts	
Occurs where a transaction is not recorded at all in the books	
Occurs when entries are made in the wrong class of accounts	
Occurs where both the debit and credit entries are made using similar but erroneous figures	

- 22) Give **three** reasons why the per capita income of a country may not change (3mks)
- 23) The diagram below shows a population pyramid for a certain country



- Give **four** challenges facing this country (4mks)

24) Show the accounts to be debited or credited for the following transactions (4mks)

Transaction	debited	credited
Paid wages in cash		
Took business cash for private use		
Purchased office equipment on credit from Sao Ltd		
Paid telephone bill by cheque		

25) Give four reasons for the increased use of mobiles phones in banking. (4mks)

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TRIAL 1 PAPER 2

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QUESTIONS

Answer ANY FIVE questions. All questions carry equal marks.

- 1) a) Explain **five** methods used by central bank to increase money supply in the economy. (10mk)
- b) Explain **five** principles of insurance. (10mk)
- 2) a) Explain **five** negative effects of inflation. (10mk)
- b) The following trial balance was extracted from the books of Carson Traders on 31 December 2005 after preparing the trading account.

	Dr	Cr
Capital		130,000
Drawings	27,000	
Debtors and creditors	25,350	22, 500
Stock 31 Dec. 2005	25,000	
Wages and salaries	31,650	
Gross Profit		58,920
Discount	3,540	3,300
Advertising	3,130	
Bad debts	1,100	
General expenses	5,100	

Rates	2,750	
Cash in land	800	
Cash at bank	3,300	
Motor vehicles at cost	11,000	
Premises.	<u>75,000</u>	<u> </u>
	<u>214,720</u>	<u>214 720</u>

The following additional information is provided.

- (a) Wages due shs. 5,400
- (b) Rates paid in advance shs 650
- (c) Motor vehicles to be depreciated 20% on cost.

You are required to prepare

- (i) Profit and loss account for the year ended 31 Dec. 2005 (6mks)
 - (ii) Balance sheets as at 31st Dec. 2005 (4mks)
- 3) a) Discuss any **five** documents used in recording transactions in books of original entry (10mks)
 b) Discuss five factors that may influence entrepreneurial practices positively in the country. (10mks)
- 4) a) Explain **five** benefits of matatu reforms in transport sector. (10mks)
 b) Using a well labeled diagram, explain shift in demand and supply curve respectively
- 5) a) Muema is planning to construct a warehouse for renting. Explain **five** measures that he may take to ensure its smooth operation. (10 Marks)
 b) Outline **five** measures that the Kenya government may take to reduce unemployment. (10 Marks)
- 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 **2021**.
- 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 Tila shs, 20,000; Katu 10,000
 - 4th Bought goods on credit from Kahama sh 30,000; Kanga shs. 40,000
 - 5th Returned faulty goods to Kahama sh 5,000
 - 6th Paid Kahama on account by cheque less 10% cash discount.
 - 7th Received faulty goods from Katu shs. 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.

(a) 11th Deposited all the cash in hand into the bank account.

Required:

Prepare a three column cash book duly balanced

(10mks)

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BUSINESS STUDIES

TRIAL 2 PAPER 1

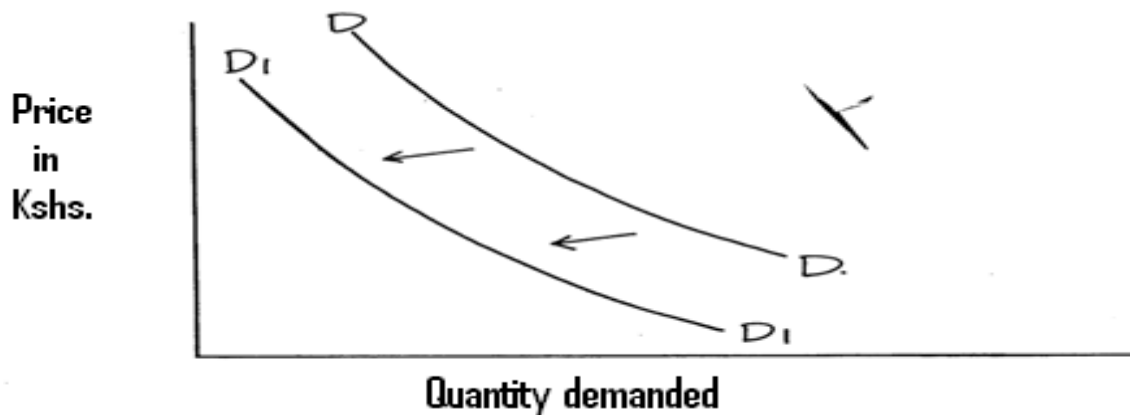
NAME..... INDEX NO.....

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QUESTIONS

1. Identify any four differences between life assurance and general insurance (4mks)
2. Study the diagram below about a shift in the demand curve



Outline four factors that brought about a shift of demand curve DD to DD as shown above (4mks)

3. Identify four channels that can be used to distribute locally manufactured goods (4mks)
4. Identify the type of office machine described below (4mks)
 - i) Destroys unwanted papers /documents
 - ii) Prints stamp impression on envelopes
 - iii) Reproduces documents using stencils
 - iv) Puts holes on papers to be filed

5. List four methods that commercial banks use in transferring funds
6. Draw a duly balanced double column cashbook from the following transaction that took place in the business of Onyango in may 2013.
 - May 1st the balances brought forward were cash Sh 2500 and bank Shs 7000.
 - May 3rd paid wages in cash shs 2000.
 - May 10th sold goods in cash Shs 6000.
 - May 15th withdraw Shs 1000 from the bank for office cash (4mks)
7. Highlight four circumstances under which a public company may be dissolved (4mks)
8. Outline four ways in which the Kenyan government may motivate industries to delocalize (4mks)
9. Explain the meaning of the following terms as used in the accounting
 - a. Networth _____
 - b. Depreciation _____
 - c. Assets _____
 - d. Order of liquidity _____
10. Show the effects of the following transactions on the balance sheet totals by using a (+) for an increase, (-) for decrease or (o) for no effect

	Transaction	Effects on balance sheet total
a	Buys stock at Shs. 1000 on credit	
b	Invests shs 10,000 in the business	
c	Deposited shs 2000 in the bank	
d	Sells goods that cost shs 1800 for shs 1000	

(4mks)

11. Kenyan government has been experiencing an increase in the level of its national income. Identify four factors that may have contributed to this (4mks)
12. List four benefits that may accrue to community that practices trade (4mks)
13. Outline four factors that may make communication between two parties more effective (4mks)
14. Outline four advantages a country may enjoy by having a low population (4mks)
15. Explain the meaning of the following words as used in public finance (4mks)
 - a. Impact of a tax _____
 - b. Incidence of a tax _____
 - c. Tax avoidance _____
 - d. Tax evasion _____

16. Outline four essentials of a market (4mks)
 17. Identify four roles an entrepreneur in a business organization (4mks)
 18. Classify the following environmental factors into either internal or external business environment. (4mks)

	Factors	External environment	Internal environment
A	Tools and equipment		
B	Inflation		
C	Politics		
D	The manager		

19. Enter the following information in the relevant ledger accounts/
 On 1st February 2014 Kemo enterprises purchased a laptop (computer) for use in the business at shs 100,000 cash /
 On 3rd February 2014 Kemo enterprises borrowed shs 170,000 from the bank .
 On 7th February 2014 Kemo paid shs 500 for transport expenses in cash/
 On 10th February 2014 Kemo brought furniture valued to shs 4,000 at the business from his home. (4mks)

20. The following is trial balance of Kendu traders for period ending 31st Dec. 2021

Trial Balance

Details	Dr	Cr
Carriage out	6,000	
Discount	2,000	4,000
Transport	1,000	
Insurance	8,000	
Wages	10,000	
Rent		16,000
Gross profit		37,000
Carriage inwards	15,000	
Purchases	14,000	
	57,000	57,000

Required

- Draw a profit and loss account for Kendu traders for period ending **31st Dec 2021(5mks)**
- 21.**List any four features of a private warehouse (4mks)
- 22.**Outline four tools that the central bank of Kenya may use to lower money supply in the country (4mks)
- 23.**Name the four types of cheques used in home trade (4mks)
- 24.**State four limitations of using hand carts to transport goods from a wholesaler to a retailer shop (4mks)
- 25.**Highlight four benefits that accrue to a manufacturer as a result of advertising his products (4mks)

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BUSINESS STUDIES

TRIAL 2 PAPER 2

NAME..... INDEX NO.....

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QUESTIONS

1. a. Explain five reasons why you would advise your friend against starting a sole proprietorship form of business (10mks)
b. Explain five measures that can be taken to reduce unemployment in a country (10mks)
2. a. Explain five advantages of non-verbal communication (10mks)
b. Explain five factors that have led to the survival of small scale retailers despite competitions from supermarkets (10mks)
3. a. Office equipments includes all the necessary office machines and office furniture
.Explain five roles played by equipments in an office (10mks)
b. On November 2021, Sandra traders had cash in shs 87,000 and cash at bank 250,000. Durind the month, the following transaction took place
2010

Nov 2 :cash sale shs 50,000
 Nov 3 : paid salaries shs 101,500 by cheque
 Nov 6: Received a cheque of shs 76,800 from Wambua after allowing him a discount of 4 %
 Nov 12 :bought office furniture by cheque shs 85,000
 Nov 16:Settled katunge’s account of shs 40,000 in cash having deducted shs 800 cash discount
 Nov 18 :Received a cheque of shs 150,000 in respect of cash sales
 Nov 21:Paid wages shs 24,000 in cash
 Nov 22:Withdrew shs 5,000 csh for private use
 Nov 28 :Received shs 16,500 cash from Mochere in settlement of his account less shs 660 cash discount
 Nov 30 :Deposited all the money into bank except shs 25,000
 Prepaire a three colum cash book duly balanced **(10mks)**

4. a. Explain five functions of commercial banks in Kenya **(10mks)**

b. Explain five reasons for the popularity of sea transport in Kenya’s export trade **(10mks)**

5. a. Explain five uses of National income statistics **(10mks)**

b. Outline five factors that you would consider when establishing a warehouse for imported goods **(10mks)**

6. a. Explain four criteria for determining the size of a firm **(8 marks)**

b. The following trial balance was extracted from the books of Bush traders on the 31st Dec 2021

Bush Traders

Trial Balance

	Dr	Cr
Sales		720,000
Purchases	340,000	
Returns	20,000	18,000
Rent	16,000	
Advertising	24,000	
Commision		9000
Deptors	54,000	
Creditors		64,000
Stock(1/1/2012	60,000	
Insuarance	30,000	
Drawings	40,000	
Furnitures /fittings	100,000	
Cash in hand	15,000	
Premises	400,000	
Capital		288,000
	1,099,000	1,099,000

Additional information

i) Stock as at 31st Dec 2021 ,shs 52 000

Required

a. prepare trading profit a gross account for the year ended 31st Dec 2021

b. calculate

i) Gross profit margin

ii) The rate of stock turn over

(12mks)

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TRIAL 3 PAPER 1

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QUESTIONS

- 1) State whether each of the following activities would satisfy basic or secondary wants. **(4 marks)**

	Activities	Basic	Secondary
(a)	Buying clothes for the family.		
(b)	Transporting milk.		
(c)	Providing food for school children.		
(d)	Entertaining the President.		

- 2) Outline **four** reasons why a new business may fail. **(4 marks)**
- 3) Outline **four** advantages a consumer enjoys when he/she buys directly from a manufacturer. **(4 marks)**
- 4) Highlight **four** reasons that make a current account popular among the business people. **(4 marks)**
- 5) Boda boda/motorcycles have become popular in Kenya today. Outline **four** demerits of this mode of transport. **(4 marks)**
- 6) Highlight **four** circumstances under which deferred payment is acceptable to a trader. **(4 marks)**
- 7) Give **four** reasons why the government should impose taxes upon its citizens apart from raising revenue. **(4 marks)**

8) State the best type of machine one would use to perform the following tasks. **(4 marks)**

(a)	Function	Type of machine
(b)	To trim papers to the required sizes.	
(c)	To fold documents, put them in envelopes and seal them.	
(d)	To make exact copies of a certain original document.	
	To arrange papers in a required order.	

9) Outline **four** factors that may cause the supply curve to shift to the left. **(4 marks)**

10) Kiganjo Traders had the following balances as at 31st December, 2021.

	Sh.
i. Capital (1 st December, 2021)	350,000
ii. Additional investments	100,000
iii. Drawings each month	48,000
iv. Capital (31 st Dec' 2021)	470,000

Determine the profit for the year. **(4 marks)**

11) Outline **four** features of direct production. **(4 marks)**

12) State **four** ways in which, the government of Kenya may reduce the level of unemployment. **(4 marks)**

13) State **four** benefits of registering a company with the stock exchange market. **(4 marks)**

14) The following balances relates to the retail business of Omondi for the month of July 2021.

- i. Sales 50,000
- ii. Expenses 10% of sales
- iii. Cost of goods sold 40,000

Calculate:

- (i) Mark up. **(1 mark)**
- (ii) Margin. **(1 mark)**
- (iii) Total expenses. **(1 mark)**
- (iv) Net profit. **(1 mark)**

15) State **four** uses of a bill of lading in international trade. **(4 marks)**

- 16) Outline **four** circumstances under which insurance companies in Kenya may reinsure. **(4 marks)**
- 17) For each of the following transactions, state the account to be debited and account to be credited. **(4 marks)**

	Transactions	A/c debited	A/c credited
(i)	The owner brought in cash from private sources.		
(ii)	Bought goods and paid by cheque.		
(iii)	Withdrew cash for personal use.		
(iv)	Paid a creditor by cheque.		

- 18) State **four** ways in which the utility of a commodity can be increased. **(4 marks)**
- 19) Identify **four** benefits that may accrue from political stability in a country. **(4 marks)**
- 20) List **four** ways in which the government creates an enabling business environment. **(4 marks)**
- 21) State four features of an oligopoly market structure. **(4 marks)**
- 22) Give **four** disadvantages of public warehouses to traders. **(4 marks)**
- 23) Put down **four** functions of the Kenya Bureau of Standards. **(4 marks)**
- 24) Outline **four** external factors that may influence the operations of a business negatively. **(4 marks)**
- 25) Highlight **four** limitations of using after-sale services as a method of promoting products. **(4 marks)**

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TRIAL 3 PAPER 2

NAME..... INDEX NO.....

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QUESTIONS

- 1) (a) Explain **five** features that differentiate a public corporation from a private limited company form of business unit. (10 marks)

Explain **five** factors that one needs to consider when selecting an office layout. (10 marks)

- 2) (a) Explain **five** benefits that a country derives from transporting oil through pipeline. (10 marks)

Explain **five** reasons why citizens may experience low standards of living despite improvement in the per capita income. (10 marks)

- 3) (a) Explain **five** methods of price determination other than price mechanism in a market. (10 marks)

Explain the following types of unemployment.

- a. Cyclical unemployment.
- b. Structural unemployment.
- c. Frictional unemployment.
- d. Seasonal unemployment.
- e. Involuntary unemployment.

(10 marks)

- 4) The following trial balance was extracted from the books of Okumu traders as at 31/12/2021.

	Dr. (Shs.)	Cr. (Shs.)
Opening stock	30,000	
Purchases/sales	275,000	390,000
Debtors	47,000	
Commission received		36,000
Returns	10,000	6,000
Carriage inwards	16,000	
Bad debts	3,000	
Wages	20,000	
Rates	12,000	
Buildings	450,000	
Furniture	180,000	
Bank overdraft		210,000
Insurance	19,000	
Discounts	5,000	7,000
Drawings	25,000	
Creditors		52,000
Cash at bank	250,000	
Cash at hand	40,000	
Capital		689,000
	<u>1,390,000</u>	<u>1,390,000</u>

- a.* Additional information:
b. Closing stock Sh.50,000
 Carriage outwards Sh. 8,000

Required:

Prepare Okumu traders trading, profit and loss account for the period ended 31/12/2021
 Balance sheet as at 31/12/2021. (10 marks)

Explain **five** monetary policies that the Kenyan government uses to control the supply of money in an economy. (10 marks)

5) (a) Kenya is a member of EAC. Explain **five** problems the member countries are likely to encounter that may hinder them from achieving their objectives. **(10 marks)**

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.

- 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 a three column cash for Kubuka Traders. **(10 marks)**

6) (a) Explain **five** factors that have led to the survival of small scale retailers despite competition from supermarkets. **(10 marks)**

Kenya is looking forward to the realization of vision 2030. Explain the obstacles that may hinder the efforts made towards this dream. **(10 marks)**

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BUSINESS STUDIES

TRIAL 4 PAPER 1

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QUESTIONS

1. Highlight **four** reasons why public relations is a popular way of product promotion among banks. (4mks)
2. Mention **four** non-tax internal sources of revenue to the government. (4mks)
3. Outline **four** measures that an employer can put in place to improve the performance of her human resource. (4mks)
4. State whether each of the following transactions will increase, decrease or have no effect on the Balance Sheet totals (4mks)

Transaction	Effect on Balance sheet totals
a) Sold a private car and deposited the money in business bank account	
b) Withdrew money from bank for office use	
c) Paid Mr. Kimeli, a creditor in cash	
d) Purchased a Motor car by cheque	

5. Highlight **four** conditions that must be met in order for an insurance contract to be valid. (4mks)

6. Enter the following transactions in the relevant book of original entry (4mks)
 2014 June 1. Made cash purchases worth sh. 25,000
 ,, 5. Paid sh.38,000 by cheques in full settlement of a debt owed to Kibogong after deducting a 5% cash discount.
 ,, 12. Bought stationery and paid by cash sh.19,000.
 ,, 19. Settled a debt of sh.90,000 owed to Yatich stores by cheque after deducting a 3% cash discount.
 ,, 28. Paid the month's salaries of sh 80,000, by cash, sh. 30,000 and the balance by cheques.
7. Outline **four** ways which the government can use to influence the supply of maize in Kenya. (4mks)
8. Outline **four** negative effects of inflation to an economy. (4mks)
9. Highlight **four** benefits enjoyed by a holder of a credit card (4mks)
10. The following balances relate to the business of Roba Traders during the period ended 31st March 2014.

	Shs.
Cash at bank	680,000
Premises	500,000
Machinery	175,000
Creditors	190,000
Furniture	85,000
Motor van	200,000
Cash in hand	50,000

Extract the trial balance of Roba Traders as at 31st March 2014. (4mks)

11. Highlight **four** circumstances under which air transport can be preferred to transport goods from one place to another. (4mks)
12. Study the following document used in home trade.

SIRO TRANSPORTERS CO. LTD				
SIRO BUILDING,				
OLOO STREET, NANDI ROAD				
P.O BOX 100, ELDORET				
SUPPLIER'S NAME & ADDRESS			BUYER'S NAME & ADDRESS	
HANDLING INFORMATION				
QUANTITY	DESCRIPTION	WEIGHT(KGS)	COMMODITY /ITEM	NUMBER
TOTAL				

TRANSPORT CHARGES PAID	
.....	
.....	
SIGNATURE OF TRANSPORT CO.	SIGNATURE OF SELLER
.....
DATE	DATE
.....	

- I. Name the document shown above (1mk)
- II. Name two uses of the document (2mks)
- 13. List **four** costs incurred by intermediaries in the chain of distribution (4mks)
- 14. Prepare ledger accounts from the following transactions relating to Tito Traders for the month of January 2015 (4mks)
 - January 5th sold goods for Shs 20,000 cash
 - 10th bought furniture for Shs 50,000 on credit from Jamwal Traders
 - 21st Paid Shs 10,000 cash to Jamwal traders
 - 21st Returned furniture worth Shs 6,000 found damaged to Jamwal Traders
- 15. Highlight any **four** features of time deposit account (4mks)
- 16. Name **four** commercial services that facilitate trade. (4mks)
- 17. The following balances were extracted from the books of Njoro Traders for the period ended

31st December 2013

	Ksh.
Gross profit	10,000
Salaries	2,000
Commission income	4,000
Rent received	3,000
Electricity	2,000
Carriage outwards	4,000

Prepare a profit and loss account (4mks)

- 18.** Highlight **four** factors that determine the National income of a country. **(4mks)**
- 19.** Highlight **four** causes of demand pull inflation **(4mks)**
- 20.** Outline **four** ways in which the problem of scarce resources can be addressed by a consumer.
- 21.** Highlight **four** ways in which local resources can be managed to alleviate unemployment problems in Kenya. **(4mks)**
- 22.** Outline **four** factors that comprise a negative internal environment in a business. **(4mks)**
- 23.** The following information relates to Waruhio Traders as at 31st December 2011.

Waruhio Traders
Balance Sheet
As at 31st December 2011

	Shs.		Sh.
<u>Fixed Assets:</u>			
Furniture	203,000	Capital	
359,000		Plus Net profit	
<u>114,000</u>			
<u>Current Assets:</u>			
473,000			
Stock	174,000	Less Drawings	
<u>73,000</u>			
Debtors	113,000		
400,000			
Cash at Bank	53,000	<u>Short term liabilities:</u>	
		1 year Loan	
79,000		Creditors	
<u>64,000</u>			
	<u>543,000</u>		
<u>543,000</u>			

- a) Calculate the total current assets. **(1mk)**
- b) Determine the capital owned. **(2mks)**
- c) Calculate the working capital **(1mk)**

24. Given below are functions of office equipment. Identify the name of the equipment against the rightful use. **(4mks)**

Functions of the Machine	Office Equipment
a) Used in posting information to ledgers and preparing payrolls	
b) To transmit printed messages such as photographs, letters, and maps	
c) Usually fire proof where important documents in an organization are stored	
d) Used to carry out many functions such as storing information, typing and performing complex calculations	

25. Outline **four** factors that may give rise to monopoly power in an economy. **(4mks)**

KCSE FINAL PREDICTION

BUSINESS STUDIES

TRIAL 4 PAPER 2

NAME..... INDEX NO.....

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DATE.....

QUESTIONS

- 1) (a) Explain **five** measures put in place by the government to bring order in road transport sector in Kenya today. **(10 marks)**
- (b) Explain **five** reasons why per capita income is not a good indicator of standards of living. **(10 marks)**
- 2) (a) On 1st November 2013: Tabagon Co. Ltd. had a balance of shs. 12,000 at the bank and shs. 2500 in hand. During the month, the following transaction took place;

Nov. 1	Cash sales Shs. 2500, cash purchase Shs. 1750
Nov. 3	Paid the following accounts by cheque. Kirop Shs. 1500 less 5% cash discount Kirui Shs. 2000 less 5% cash discount Nasimiyu shs. 2100 less 3 % cash discount
Nov. 5	Received the following amounts from debtors, Ondiek shs. 1200, Jane shs. 3850 and Mueni by cheque shs. 2050 after allowing her shs. 300 cash discount.
Nov. 14	Paid office cash to the bank shs. 2000
Nov. 17	Cash sales 8500
Nov. 22	Mueni paid her account of shs. 5000 by cheque less 10% cash

a. discount

Nov. 28 Withdrew all the money from the bank for office use except shs. 1000

Nov. 29 Paid salary cash shs. 8000

Nov. 30 A cheque received from Mueni on Nov. 5th was dishonoured.

Prepare Tabagon Co. Ltd. three column cash book. (10 marks)

b. Describe the procedure of obtaining an insurance claim. (10 marks)

3) (a) Explain the meaning of the following terms as used in business ownership. (10 marks)

Franchising

Merger

Holding company

Front Office Savings Account (FOSA)

Globalization

(b) Explain **five** features of a hypermarket. (10 marks)

4) (a) Explain **five** emerging issues in office practice today. (10 marks)

(b) Explain **five** reasons that account for the existence of small firms in an economy. (10 marks)

5) (a) Explain **five** ways in which communication enhances trading activities. (10 marks)

(b) Highlight **five** factors that facilitate entrepreneurial development in an economy. (10 marks)

6) (a) The following trial balance was extracted from the ledgers of Gathioro's mobile phones business for the year ended 31st Oct 2013.

Gathioro's mobile phones
Trial Balance
As at Gathiro's 31st Oct 2013

Details	Dr. (Shs)	Cr. (Shs)
Sales		855,000
Purchase	420000	
Sales returns	12000	
Purchase returns		20000
Creditors		165000
Debtors	63000	
Motor vehicle	480000	
Cash in hand	65000	
Furniture	190000	
Carriage inwards	14000	
Stock	280000	
Capital		626250
Drawing	88000	
Telephone	6400	
Insurance	8200	
Postage	3850	
Rent	19600	
Discounts received		4000
Advertising	12900	
Discount allowed	7300	
	1670250	1670250

On 31st Oct. 2013, the business had closing stock valued at Shs. 60,000

Required

- (i) The trading, profit and loss a/c for the year ended 31st Oct 2013. **(8 marks)**
- (ii) A balance sheet as at that date. **(4 marks)**
- (b) Explain **five** services rendered by the Central Bank to the government. **(10 marks)**

KCSE FINAL PREDICTION

BUSINESS STUDIES

TRIAL 5 PAPER 1

NAME..... INDEX NO.....

SCHOOL..... SIGN.....

DATE.....

QUESTIONS

1. State four factors that you would consider before extending credit facilities to a customer. (4 Marks)
2. Give four characteristics of human wants. (4 Marks)
3. The following information relates to businesses W, X, Y and Z. (4 Marks)

BUSINESS	ASSETS	LIABILITIES	CAPITAL
W	350,000	b	150,000
X	a	160,000	240,000
Y	800,000	450,000	d
Z	700,000	c	280,000

Determine the figures represented by a, b, c and d. (4 Marks)

4. State any four principles that govern the operations of co-operative societies in Kenya. (4 Marks)
5. 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)
6. State four merits associated with internal borrowing. (4 Marks)

- 7. What four measures would you advise the government of Kenya to apply so as to curb the inflationary tendencies the country is currently experiencing? (4 Marks)
- 8. State four factors that may influence the price elasticity of demand of a commodity. (4 Marks)
- 9. State four possible factors that may contribute to a case of an abnormal demand curve. (4 Marks)
- 10. The data below relates to Kimeu’s business as at 31st Dec 2010. (4 Mark)

Shs

Capital as at 1 st Jan 2010	100,000
Additional investment in the year	40,000
Profit realized in the year	25,000
Drawings made in the year	45,000

Determine Kimeu’s capital as at 31st Dec 2010

- 11. State four features of labour as a factor of production (4 Marks)
- 12. The table below shows descriptions relating to some documents used in home trade.

Name the document fitting the description. (4 Marks)

DESCRIPTION	DOCUMENT
(i) Used to correct an undercharge error	
(ii) Seeking information on items stocked and their prices	
(iii) Inform the buyer that the goods ordered have been dispatched	
(iv) Requests payment for goods before they are sent to the customer	

- 13. Outline four reasons why governments participate in business. (4 Marks)
- 14. State four features of an oligopolistic type of Market. (4 Marks)
- 15. The following information relates to Blue star traders in the year 2009.

Jan 1 started business by depositing Shs. 150, 000 in the business’ bank account

Jan 2 bought stock worth shs. 10,000 by cash.

Enter these transactions in the relevant ledger accounts.

16.State four possible errors that may not be detected by a trial balance.

17.Under what four circumstances would a producer opt to sell his goods directly to his customers? **(4 Marks)**

18.The balances below were extracted from the books of Kazu traders as at 30th June 2010.

ITEM	KSHS
Furniture	20,000
Debtors	30,000
Creditors	42,000
Cash in hand	25,000
Cash at bank	60,000
Delivery van	280,000
Capital	348,000
Bank van	120,000
Net loss	45,000

Prepare Kazu’s balance sheet as at 30th June 2010.

19.State four gaps in the market that may provide an opportunity to an entrepreneur.

(4 Marks)

20.State four reasons why an insured may not be compensated despite an insured risk occurring. **(4 Marks)**

21.Under what four circumstances would an office manager think of replacing an existing machine with a modern one? **(4 Marks)**

22.State four ways through which a consumer may be exploited. **(4 Marks)**

23.Give four differences between an ordinary share and a preference share.

24.Kim insured his motor vehicle value at shs.1,000,000 for shs. 800,000. The motor vehicle was involved in an accident and declared a write off. Calculate the amount Kim should get from the insurer. **(4 Marks)**

25.State four ways through which the price of a commodity may be determined.**(4 Marks)**

KCSE FINAL PREDICTION

BUSINESS STUDIES

TRIAL 5 PAPER 2

NAME..... INDEX NO.....

SCHOOL..... SIGN.....

DATE.....

QUESTIONS

1. (a) **Explain** any five components of a business plan. **(10 marks)**
(b) Explain five ways in which commercial banks facilitate payments for their customers. **(10 marks)**

2. (a) With the aid of diagrams, distinguish shift in supply curve from movement along supply curve. **10marks)**
(b) Discuss the benefits that Mr. Kamau would derive from being a member of Mwalimu savings and credit cooperative society. **(10 marks)**

3. (a) Explain any five types of unemployment. **(10 marks)**
(b) Outline five factors to take into consideration when planning an office layout. **(10 marks)**

- 4(a) Outline five benefits that accrue to a customer who uses Automated teller Machines (ATMs) **(10 marks)**
(b) Outline five measures that the government of Kenya has put in place to protect consumers from unscrupulous business people. **(10 marks)**

5. (a) Highlight five differences between a public warehouse and a private warehouse. (10 marks)

(b) Nakuru traders had the following summary of transactions during the month of February 2014.

<u>Invoices received</u>		
Feb 4	Peruti stores	sh.80000
Feb 6	Mwanaki	sh.140000
Feb 15	Rurago stores	sh.160000
Feb 28	Juma	sh.40000
<u>Credit notes issued</u>		
Feb 16	Jirani Traders	sh.5, 000
Feb 18	Maya Traders	sh. 3,000
Feb 30	Omega Stores	sh.4, 000
<u>Invoices issued</u>		
Feb 5	Jirani Traders	sh.35, 000
Feb 10	Maya Traders	sh. 40,000
Feb 15	Omega Traders	sh.25, 000

Required.

Prepare the relevant journals. (10 marks)

6. (a) Explain five reasons that would lead a company to undertake market research before production. (10 marks)

(b) The following Trial balance was extracted from Vumilia traders as at 31st December 2014

	Dr.	Cr.
Capital		125,000
Purchases	45,000	
Carriage on sales	2,000	
Stock	25,000	
Sales		120,000
Carriage on purchases	1,200	
Insurance	5,900	
Salaries	12,450	
Discount allowed and received	3,400	1,950
Debtors and creditors	25,000	15,500
Bank	14,500	
Machinery	128,000	
	262,450	262,450

Additional information;

- Closing stock 25,000
- Required; (i) Trading profit and Loss account. (7 marks)
(ii) Balance sheet as at 31st Dec 2014. (3 marks)

KCSE FINAL PREDICTION

BUSINESS STUDIES

TRIAL 6 PAPER 1

NAME..... INDEX NO.....

SCHOOL..... SIGN.....

DATE.....

QUESTIONS

1. Outline **four** reasons why it is difficult to satisfy human wants. (4mks)
2. Identify **four** reasons why most countries are getting rid of direct production. (4mks)
3. Highlight **four** ways that a manager can adopt to improve the productivity of labour. (4mks)
4. Outline **four** factors that influence the form of business unit to establish. (4mks)
5. Enumerate **four** reasons why it is difficult to remove intermediaries in a chain of distribution. (4mks)
6. Explain the meaning of the following terms; (4mks)
 - (a) Standing order
 - (b) Credit transfer
 - (c) Lender of the last resort
 - (d) Free on rail
7. Outline **four** considerations before spending government money. (4mks)
8. Identify **four** measures that the government of Kenya can use to alleviate the problem of balance of payment deficit. (4mks)
9. Outline **four** challenges that are likely to be faced by a country that uses output approach to measure its national income. (4mks)
10. The following information relates to Jasho Traders for the year ended 31st December 2009.

Sales	400,000
Purchases	350,000
Opening stock	12,000
Return inwards	10,000
Carriage inwards	5,000
Closing stock	100,000

Prepare a trading account for Jasho Traders for the year ended 31st December 2009.
(4mks)

11. Give **four** reasons why Bamburi Cement Ltd in Mombassa would prefer to transport cement by rail than by road to Kisumu. (4mks)
12. In each of the following cases state the type of inflation described. (4mks)

	Description	Type of inflation
(a)	A rise in price due to an increase in money supply	
(b)	A rise in price due to an increase in the prices of factors of production	
(c)	A rise in price due to buying expensive goods from foreign countries	
(d)	A rise in price due to an even growth in some sectors of the economy	

13. Give **four** reasons why Kenya is classified as a less developed country. (4mks)
14. Alex’s Traders capital account showed a balance of 15,000 on 1st July 2009. for the year ended 30th June 2010 the following information was available. (4mks)
 - (i) Alex brought in a vehicle worth sh. 180,000 for the business use.
 - (ii) Net profit amounted to sh.164,000
 - (iii) The owner withdrew sh.132,000 from the business for personal use.
 Determine the closing capital as at 30th June 2010.
15. Outline any **four** functions of the Central Bank. (4mks)
16. Highlight any **four** circumstances under which the insurer may fail to compensate its client. (4mks)
17. Enumerate any **four** reasons why most firms prefer newspaper to radio in advertising their products. (4mks)

18. Give **four** reasons why a country with a greater percentage of ageing population is likely to have negative economic development. **(4mks)**

19. Highlight **four** factors that will influence the location of a warehouse. **(4mks)**

20. Use the following information which relates to Chesoen Traders to prepare a balance sheet as at

31st march 2010. **(4mks)**

- Furniture 50,000
- Stock 20,000
- Motor vehicle 100,000
- Debtors 10,000
- Creditors 60,000
- 3 year loan 90,000
- Net profit 10,000

21. Using the following transactions state the name of the account to be debited and the account to be credited.

	Transaction	A/C Debited	A/C Credited
(a)	Made cash sales of sh. 2,000		
(b)	Purchase a machine by cheque		
(c)	Paid a creditor sh. 3,000 by cash		
(d)	Withdraw sh. 10,000 for business use		

22. Identify any **four** problems associated with monopoly market structure. **(4mks)**

23. State the significance of the following source documents. **(4mks)**

- (a) Invoice
- (b) Debit note
- (c) Receipt
- (d) Payment voucher

24. Outline any **four** factors that is likely to limit the expansion of a business. **(4mks)**

25. Identify any **four** factors that will influence the demand of maize at Dikirr market.

(4mks)

KCSE FINAL PREDICTION

BUSINESS STUDIES

TRIAL 6 PAPER 2

NAME..... INDEX NO.....

SCHOOL..... SIGN.....

DATE.....

QUESTIONS

1. (a) Explain **five** ways which the government of Kenya can use to regulate the supply of money in the economy. (10mks)

Explain **five** reasons that accounts for difference in the terms of trade between Kenya and Japan. (10mks)

2. (a) Explain **five** circumstances under which a manufacturer would sell his goods directly to consumer (10mks)

Explain **five** features of an efficient transport system. (10mks)

3. The following transactions belong to Kiplong traders for the month August 2010:

August 1 st	Started business with Sh. 45,000 in the bank.
August 3 rd	Bought stock on credit sh. 15,0000 from Onyango.
August 4 th	Bought furniture sh. 5,000 by cheque.
August 6 th	Withdrew sh.15,000 from bank and put it in business cash till.
August 8 th	Paid sh. 5,000 for goods bought on credit from Onyango.
August 9 th	Sold stock on credit sh. 9,000 to Joan.

Prepare:

(a) Balanced ledger accounts. (16mks)

(b) Trial balance as at 9th August 2010. (4mks)

4. (a) Explain **five** ethical practices that a business organization can do. (10mks)
(b) Explain **five** benefits that a business unit gets as it expands its activities. (10mks)
5. (a) Explain **five** benefits of overpopulation. (10mks)
(b) Explain **five** characteristics of a good tax system. (10mks)
6. (a) Explain **five** factors that can cause a decrease in supply of diesel. (10mks)
(b) Explain **five** types of advertising. (10mks)

KCSE FINAL PREDICTION

BUSINESS STUDIES

TRIAL 7 PAPER 1

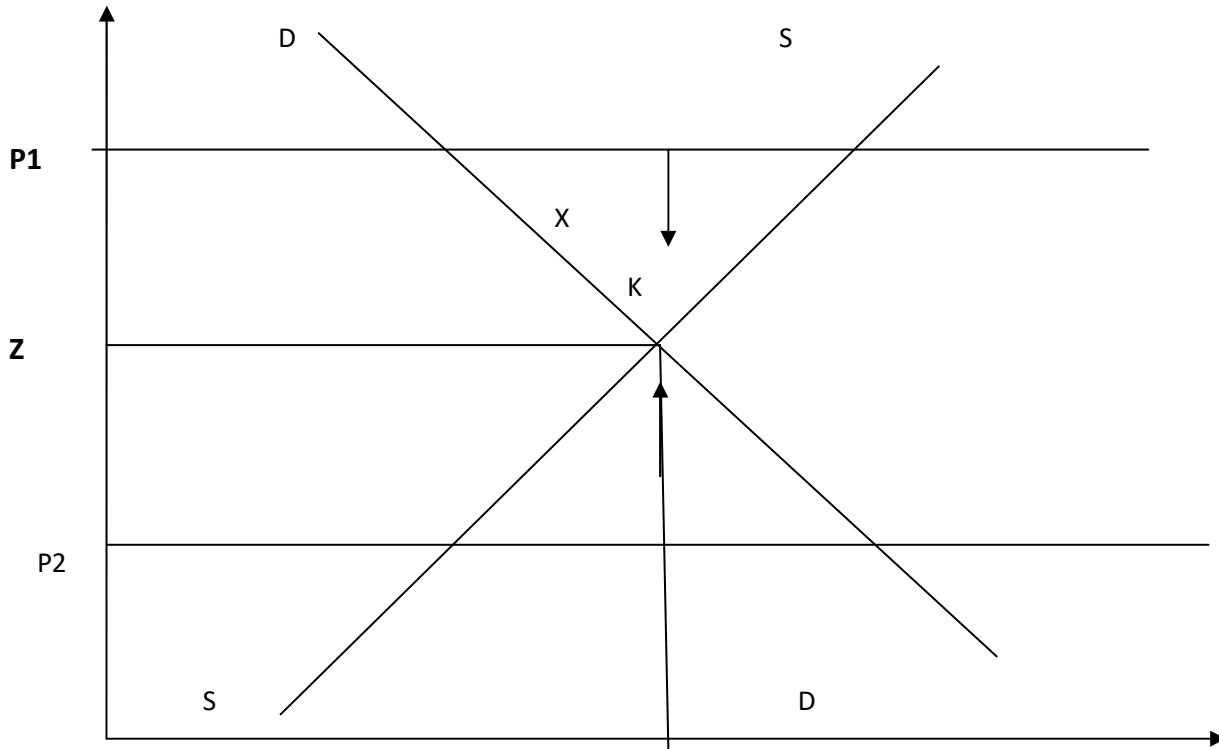
NAME..... INDEX NO.....

SCHOOL..... SIGN.....

DATE.....

QUESTIONS

1. Give four ways in which the productivity of human effort can be improved. (4marks)
2. Ciringi, a businessman wants to buy a computer for his office. State four reasons why he may prefer to acquire it through hire purchase other trade credit. (4marks)
3. List down four different securities traded in at the stock exchange. (4marks)
4. Highlight four functions of the Kenya Bureau of standards. (4marks)
5. Outline four features of effective communication. (4marks)
6. Outline the procedures followed when claiming compensation from an Insurance company (4marks)



7. The diagram below shows movement of price toward the equilibrium. Study it and answer the equation below.

Identify the region marked (4marks)

(i) X _____

(ii) Y _____

(iii) Z _____

(ii) Name point K _____

8. State four circumstances under which the market would be the determining factor in location of a firm. (4marks)

9. Outline four sources of oligopoly power. (4marks)

10. Atieno had capital amounting to Kshs. 328,000 at 31st Dec. 2008. During the year investment totaled to shs 90,000 while drawings were shs. 110,000,

Required; Calculate initial capital at January 1st 2008 if profit was sh. 68,000.

(4marks)

11. Enter the following transactions in the ledger accounts of Makutano Enterprises for the

month of May 2010. (4marks)

May 1; Started business with shs. 150,000 cash

2; Bought goods on credit from Kamau for sh. 40,000.

4; Sold goods for cash shs. 34,500.

5; Returned some of the goods purchased from Kamau for sh. 4,500.

12. For each of the following transaction given below indicate in the appropriate columns the source document and the book of original entry in which the transaction should be recorded. **(4marks)**

	Transaction	Source Document	Book of Original entry
i)	Purchase of goods on credit		
ii)	Sale of desks on credit		
iii)	Payment to a creditor		
iv)	Goods returned by a client		

13. The Central Bank is a banker to the government . Outline four banking services that it provides to the government. **(4marks)**
14. Identify four types of taxes levied on business people in Kenya. **(4mark)**
15. Highlight the factors to be considered when constructing consumer price index. **(4marks)**
16. Identify the International Trade Document that relate to the following statements. **(4marks)**
- (a) Indicate the country of origin of imported goods. ____
- (b) Is a document of little to the goods traded in international Trade ____
- (c) Used to demand payments before delivery of goods ____
- (d) Facilitates an importer to obtain credit ____
17. The mere existence of natural resources in a country does not necessarily contribute to Economic progress unless the following conditions prevails. **(4marks)**
18. Use the Book-keeping equation to fill in the blanks. **(4marks)**

	ASSETS	CAPITAL	LIABILITIES
(a)	17,500	_____	10,000
(b)	_____	165,000	45,000
(c)	132,290	100,100	_____
(d)	17,670	_____	12,000

- 19.** Given the following factors, indicate whether they are part of internal or external environments of a business. **(4marks)**

	Factor	Type
(a)	Tools and Equipment	
(b)	Court system	
(c)	Invested funds	
(d)	Inflation	

- 20.** Define the following terms as used in Business Studies. **(4marks)**

- (i) Commerce _____
- (ii) Production _____
- (iii) Distribution _____
- (iv) Consumption _____

- 21.** State four measures that should be taken to ensure that office machines are in good working conditions at all times. **(4marks)**

- 21.** Give four channels of distribution that may be used to distribute rice from Pakistan to Kenya. **(4marks)**

- 22.** The table below shows estimated values for a certain country in billions of shillings. **(4marks)**

	Sh.
Wages and salaries	450,000
Income from rent	30,000
Profit of corporations	40,000
Net interest	80,000
Indirect taxes	70,000
Subsidies	200,000
Depreciation	80,000
Net Income Abroad	50,000

Required

From the above table, calculate the following

- (i) Gross Domestic Product (GPD) **(1mark)**
- (ii) Gross National Product (GNP) **(1mark)**
- (iii) National Income at Market price. **(2marks)**

23. Mwendu Enterprises provided the following information for the month of Jan 2011.

Opening stock	200,000
Closing stock	300,000
Purchases	500,000
Margin	20%

Calculate ;

- (i) Cost of sales **(1mark)**
- (ii) Gross profit **(2marks)**
- (iii) Sales **(1mark)**

24. Paul, a form four leaver has just joined Facebook (the internet social network) Give four business related benefits that he can derive from being a user of Facebook.

(4marks)

KCSE FINAL PREDICTION

BUSINESS STUDIES TRIAL 7 PAPER 2

NAME..... INDEX NO.....

SCHOOL..... SIGN.....

DATE.....

QUESTIONS

1. (a) Explain FIVE benefits that would accrue to a businessman who transports goods by liners rather than tramp steamers. **(10mks)**
- (b) Outline FIVE reasons why a business would like to operate its own warehouse. **(10mks)**
2. (a) The following Trial Balance was extracted from the books of Makena Enterprises on 31st December 2009.

	Dr.	Cr.
Capital		250,000
Stock	25,000	
Machinery	250,000	
Motor Vehicle	87,000	
Purchases	360,000	
Sales		600,000
Returns Inwards	40,000	
Return Outwards		20,000
Discount Received		5,000
Carriage Inwards	2,000	
Carriage Outwards	3,000	
Bad Debts (Written off)	80,000	
General Expenses	88,000	
Debtors	18,000	
Creditors		49,000
Rent	1,000	
	<u>954,000</u>	<u>954,000</u>

2. Additional information;
Closing stock was valued at sh. 22,000.
Required;
- (i) Prepare Makena Enterprises Trading Profit and Loss Account. **(7marks)**
 - (ii) Prepare Makena Enterprises balance sheet as at 31st DEC. 2009. **(5marks)**
 - (b) Explain FOUR reasons why firms with popular products find it necessary to continuously advertise the same products. **(8marks)**
3. (a) The supply of commodity X has increased in the last six months.
Explain FIVE factors that may be associated with this increase. **(10marks)**
- (b) Highlight FIVE problems encountered when measuring the National Income of a country. **(10marks)**
4. (a) Prepare a dully balanced three column cash book from the following information .
- Jan 1 ; Balance brought down cash 4,000 bank 27,000
4; Settled Olweny Creditors account of shs. 8,000 by cheque having deducted 6% cash discount.
8; Received sh. 6,000 cash from Mutoma traders.
16; Deposited shs. 4,500 into bank account.
24; Withdrew shs. 9,200 from the bank for private use.
29; Received sh. 19950 from Kawawa by a cheque after allowing 5% discount
31; Banked all the cash leaving only sh. 1,500 in the office.
- (10marks)**
- (b) It has been the will of the government of Kenya to create 500,000 jobs per year. Explain Five reasons which have hindered the achievement of this goal. **(10 marks)**
5. (a) Explain FIVE monetary instruments used by the government of Kenya to create 500,000 jobs per year. **(10marks)**
- (b) Highlight FIVE factors that may influence a country to adopt a protectionism Policy in international trade. **(10marks)**
6. (a) Distinguish between shares and debentures as a source of business finance. **(10marks))**
- (b) Explain FIVE circumstances that would promote entrepreneurship culture in Kenya. **(10marks)**

KCSE FINAL PREDICTION

BUSINESS STUDIES

TRIAL 8 PAPER 1

NAME..... INDEX NO.....

SCHOOL..... SIGN.....

DATE.....

QUESTIONS

- 1) Highlight **four** reasons why people engage in Business activities.
- 2) Outline **four** types of resources that are important in Business. (4mks)
- 3) State **four** functions of an entrepreneur in the production of goods and services. (4mks)
- 4) Identify the machine used to perform the following tasks. (4mks)

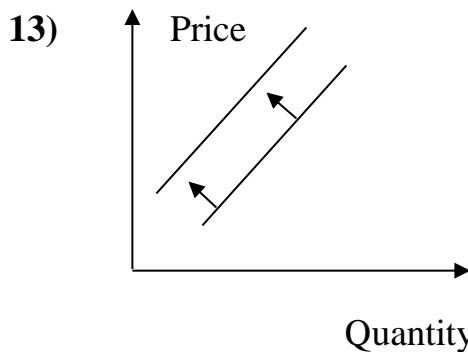
Statements	The machine
To count coins and notes	
To trim paper into required sizes and shapes	
To fold documents, place them in envelope and seal the envelope	
To print postage impression on envelopes	

- 5) Outline **four** differences between chain stores and departmental stores. (4mks)
- 6) State **four** statistics that are associated with the measurement of National income. (4mk)
- 7) Prepare Sunshine Traders Balance sheet from the following list of balances extracted from his books as at 31 December 2013. (4mks)

Capital 357,000

Stock	40,000
Machines	150,000
Furniture	7,000
Motor vehicles	200,000
Bank	20,000
Creditors	25,000
Cash	5,000
Debtors	60,000
Loan from KCB	100,000

- 8) Outline **four** characteristics of a good filing system **(4mks)**
- 9) Highlight **four** methods that Government uses to protect consumers. **(4mks)**
- 10) State **four** factors that a manager should bear in mind to ensure that he/she effectively communicates with the employees. **(4mks)**
- 11) State the meaning of the following principles of insurance . **(4mks)**
- a) Subrogation-----
 - b) Contribution-----
 - c) Insurable interest-----
 - d) Indemnity-----
- 12) Highlight four characteristics of underdevelopment. **(4mks)**



State **four** factors that may have caused the change shown in the diagram above.

- 14) Highlight **four** causes of unemployment in Kenya. **(4mks)**
- 15) Outline **four** circumstances under which Mr Ondieki (a farmer) may distribute his products directly to his customers. **(4mks)**
- 16) Tripple SSS wholesalers had the following information as at 31 December 2013 **(4mks)**

Closing capital	70,000
Total expenses	5,000
Drawings of goods	6,000

Total incomes 3,000

Calculate the capital at the beginning of the year.

- 17) Highlight **four** advantages of localization of firms. (4mks)
- 18) State **four** characteristics of good money. (4mks)
- 19) Identify the day book associated with the following source documents given below. (4mks)

Source documents	Day books
Invoice received	
Credit note received	
Receipt issued	
Debit note received	

- 20) Highlight **four** purposes of public finance. (4mks)
- 21) The following balances were extracted from the books of Okinda wholesalers on 31st December 2006. (4mks)

	Sh
Capital	800,000
Sales	250,000
Debtors	70,000
Purchases	160,000
Creditors	45,000
Opening stock (1.1.2006)	40,000
Closing stock (31.12.2006)	20,000
General expenses	50,000
5 year bank loan	200,000
Insurance expenses	20,000
Salaries and wages	80,000

Required, calculate

- Mark up (1mk)
- Current ratio (1mk)
- Rate of stock turnover (1mk)
- Rate on return on capital (1mk)
- 22) Highlight **four** uses of a proforma invoice. (4mks)
- 23) State **four** factors that affect the productivity of an office worker. (4mks)

24) In each of the following cases, state the type of inflation described (4mks)

a) The unrest in Libya has resulted to an increase in the price of oil	
b)The price of bread has gone upto sh.60 due to increase in the price of wheat	
c) A lot of money in circulation has led to the general increase of price	
d) Arise in price due to uneven growth in some sectors of the economy.	

KCSE FINAL PREDICTION

BUSINESS STUDIES

TRIAL 8 PAPER 2

NAME..... INDEX NO.....

SCHOOL..... SIGN.....

DATE.....

QUESTIONS

1. a) Explain **five** benefits that would accrue to Country as a result of delocalization. (10mks)
 - b) Explain **five** features of a perfect competition market structure (10mks)

2. a) The following transactions relate to Vivylex wholesalers for the month of December 1998.

Dec. 1 Bought goods on credit from Weka Distributors sh.46,200, Micko sh15,600 and Limo shs38,360.

3 Sold goods on credit to Lwanda Retailers shs.39,200, Motor Grocers sh.25,560 and Mawe shs.12,650.

7 Returned goods to Micko sh4,200 and Limo shs6,140.

11 Bought goods on credit from Tuktuk sh34,830.

12 Goods returned by motor Grocers sh4,550 and Lwanda Retailers sh1,280.

15 Sold goods on credit to Motor Grocers shs6,800, Marion traders shs12,800.

18 Goods returned by Marion Traders shs2,060.

22 Bought goods on credit from Fatuma shs22,100, Temo shs38,350.

28 Credit sales to Ngula shs16,060, Oyunga shs12,960 and Mawe shs15,260.

Enter the above transaction in the respective books of original entry (10mks)

 - b) Discuss **five** factors that enhances efficient running of a warehouse. (10mks)

3. a) Explain **five** negative effects of inflation to a country’s economic development.(10mks)
 b) Highlight **five** importance of entrepreneurship to the economy of a country. (10mks)
 4. a) Explain **five** factors that can lead to unfavourable balance of payment. (10mks)
 b) Explain **five** factors to be considered when choosing a method of product promotion (10mks)
 5. a) Describe **five** procedure to be followed when taking an insurance policy.(10mk)
 b) Explain **five** limitations of containerization in transport sector. (10mks)
 6. a) Highlight **five** benefits that a country will enjoy as a result of indirect production (10mks)
- b) The following trial balance was extracted from the books of Mugoya Traders as at 30th June, 2014

**Mugoya Traders
 Trial balance
 As at 30th June 2014**

Details	Dr (shs)	Cr (shs)
Premises	1,500,000	
Debtors and creditors	20,000	30,000
Cash at bank	90,000	
Cash in hand	10,000	
Purchases and sales	140,000	320,000
Stock of good on 1 st July 2013	45,000	
Discounts	6,000	2,000
Salaries and wages	50,000	
Commissions		8,000
Power and lighting	12,000	
Returns	15,000	19,000
Carriage outwards	2,300	
Carriage inwards	5,400	
Capital		1,543,700
Furniture	27,000	
	1,922,700	1,922,700

Additional information

Stock of goods on 30th June, 2014 was worth sh22, 000.

Required: prepare trading, profit and loss account for the period ended 30th June, 2014.
(10mks)

KCSE FINAL PREDICTION

BUSINESS STUDIES

TRIAL 9 PAPER 1

NAME..... INDEX NO.....

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QUESTIONS

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

Business activity

Type of utility

(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)**

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

	Shs.
Cash at bank	30,000
Cash in hand	40,000
Current liability	500,000
Sales	920,000
Opening stock	150,000
Closing stock	230,000
Margin 25%	
Expenses 15% of sales	

Determine

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

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

4 marks

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

9. Identify four benefits of international trade to a country **(4marks)**

10. Alice a retailer had a capital balance of sh.160,000 as at 30th June 2016. During the year ended June 30th 2017, the business made a profit of 130,000. Alice the proprietor made drawings of 1500 each month for her personal use. Compute the business capital as at 30th June 2017 **(3marks)**

11.Highlight four reasons that would make an organization use cell phones for communication within and outside the organization. **(4marks)**

12. State four benefits of “pooling of risks” to insurance company. **(4marks)**

13.Outline four circumstances under which a firm may locate its operations near the source of raw materials. **(4 marks)**

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

15. Many countries in Africa, Latin America and Asia are considered as under developed. Outline four characteristics underdeveloped countries have in common. **(4marks)**

16. State four ways of improving service delivery in parastatals and state corporation. **(4marks)**

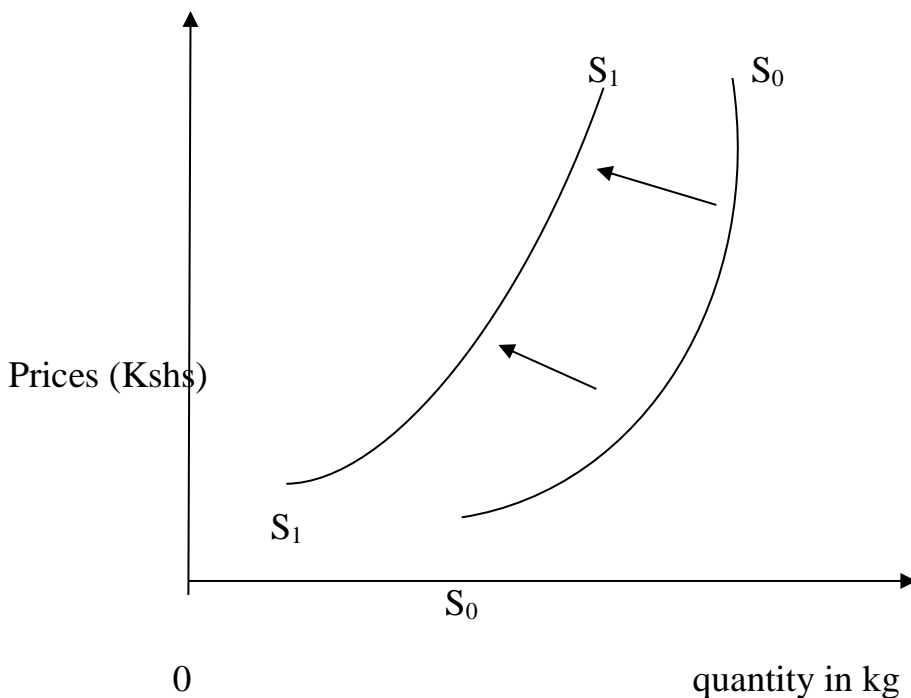
17. State four locations in a country where bonded warehouse are likely to be found. **(4marks)**

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

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

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

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



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

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

- 21.** State four circumstances under which a customer would prefer to be paid by a banker's cheque. **(4 marks)**
- 22.** outline four benefits of becoming a member of a savings and credit cooperative society.(SACCO). **(4marks)**
- 23** Highlight four methods used by a monopolistic firm to differentiate products.**(4marks)**
- 24.**State four circumstances under which a business firm may use photocopying as a means of reproducing documents. **(4 marks)**
- 25.** Apart from government borrowing, outline four other sources of government revenue. **(4marks)**

KCSE FINAL PREDICTION

BUSINESS STUDIES

TRIAL 9 PAPER 2

NAME..... INDEX NO.....

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QUESTIONS

1. a) Explain **five** reasons that may make an insurance company refuse to compensate the insured in the event that a risk occurs. **(10Marks)**

b) The following information was obtained from the books of Muthaura.

Sales	sh. 270,000
Margin	40%
Turn over	6 times
Expenses	40,000

From the above information calculate;

- i) Gross profit **(3 Marks)**
- ii) Cost of goods sold **(2 Marks)**
- iii) Average stock **(3 Marks)**
- iv) Net profit **(2 Marks)**

2. a) Give **five** problems associated with the output approach in computation of national income. **(10 Marks)**

b) Outline **five** measures that the Kenya government may take to reduce unemployment. **(10 Marks)**

3. a) Explain **five** importance of filing documents in an organization. **(10 Marks)**

b) A manufacturing company operates on an imprest of sh.10000. On 1/6/06 the petty cashier had a balance of sh.4000. She received a reimbursement to restore it on 5/6/06.

The following transactions took place during the month:

- June 8: paid Amos a small scale creditor sh.500
- June 9: paid postage sh.300
- June 10: paid for cleaning sh480
- June 11: Bought stamps for sh180
- June 12: paid for cleaning sh750
- June 13: paid for travelling sh400
- June 14: paid for tea leaves sh450
- June 15 paid for stationery sh450

Required:

The petty cash book for the manufacturing firm for the month of June, 2006 with the following analysis columns duly balanced.

- Travelling
- Cleaning
- Stationery
- Tea
- Postage
- Ledger A/c

(10 Marks)

4. a) Explain **five** ways in which an efficient road transport system may promote trade in a country. **(10 Marks)**

b) Discuss **five** problems caused by inflation in an economy. **(10 Marks)**

5. a) Muema is planning to construct a warehouse for renting. Explain **five** measures that he may take to ensure its smooth operation.

(10 Marks)

b) The following information relates to Tamu Traders as at 31st December 2009.

Opening stock	60,000
Purchases	161,000
Sales	208,000

Carriage inwards	11,000
Closing stock	72,000
Returns outwards	25,000
Returns inwards	27,000
Carriage outwards	10,000
Salaries	22,000
Telephone charges	5,000
Water bills	2,100
Electricity charges	2,000
Insurance	1,000
Discount received	7,500

Additional information

Telephone charges prepaid: 1,100

Water bills outstanding 1,300

Required: Prepare trading, profit and loss a/c for the period ended 31st December 2009.

(10 Marks)

6. a) Explain **five** factors which have frustrated economic development in less developed countries.

(10 Marks)

b) Explain **five** differences between shares and debentures.

(10 Marks)

KCSE FINAL PREDICTION

BUSINESS STUDIES

TRIAL 10 PAPER 1

NAME..... INDEX NO.....
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QUESTIONS

1. State any **four** forms of after sales services offered by a business to its customers. (4mks)
2. State **four** features of incorporated business units. (4mks)
3. Highlight **four** ways through which the efficiency of a warehouse can be improved. (4mks)
4. Outline **four** factors that account for the continued existence of small firms in the economy. (4mks)
5. Outline **four** sources of non-tax public revenue. (4mks)
6. Outline **four** circumstances under which some human wants can be fully satisfied. (4mks)
7. Highlight **four** ways through which commercial banks have enhanced development of business activities in the country. (4mks)
8. The following are descriptions of various insurance policies. Identify the name of the policy described by the statement. (4mks)

	Description	Policy
(i)	Covers all damages caused by the vehicle to people and property other than the owner and his vehicle.	
(ii)	Covers for loss or profit due to interruption of business activities as a result of fire.	
(iii)	Covers employees who may suffer injuries while on official duties.	
(iv)	Covers an organization against losses which might arise as a result of debtor failure to pay their debts.	

9. State **four** sources of oligopoly powers in the market. (4mks)
10. State **four** limitations of adoption of new technology by a business. (4mks)
11. Highlight **four** factors that may hinder effective communication. (4mks)
12. The following information relates to Pam business enterprises. (5mks)
 Average stock Ksh. 200,000 Rate of stock turn over 6 times ,Margin 25%
 From the information above determine:
 (a) The cost of sales (1mk)
 (b) Gross profit (2mks)
 (c) Sales (2mks)
13. Outline **four** importance of a national budget as a tool for planning. (4mks)
14. Highlight **four** reasons for the establishment of a business enterprise. (4mks)
15. List **four** types of complaints that a consumer organization may receive from consumers. (4mks)
16. The diagram below represents a change in the supply of a commodity.
 Outline **four** factors that could have caused this change. (4mks)
17. Highlight **four** factors that limit the use of credit cards in a business transaction.
18. The following transactions relate to Mulimani traders: 2009 March 22: Sold goods worth sh. 2,700 to Muliro
 2009 March 23: Bought stationery worth sh. 5,000 in cash.
 2009 March 26: Paid postage sh.2,000 in cash.

Required:

Open ledger (T) account to record the above information and balance them off as at 31st March, 2009. (5mks)

19. In each of the following cases, state the type of inflation described. (4mks)

	Description	Type of inflation
(a)	A rise in prices due to an increase in market supply.	
(b)	A rise in prices due to an increase in the prices of factors of production.	
(c)	A rise in prices as a result of buying expensive goods from foreign countries.	
(d)	A rise in prices due to uneven growth in some sectors of the economy.	

20. Give **four** reasons that justify the involvement of the government in business activities. **(4mks)**
21. Identify any **four** errors that may be revealed by a trial balance. **(4mks)**
22. In the following table, identify the information extracted from each of the source document given. **(3mks)**

	Source document	Information
(a)	Incoming invoices	
(b)	Petty cash vouchers	
(c)	Outgoing credit notes	
(d)	Outgoing receipts	
(e)	Incoming cash sale slip.	
(f)	Outgoing invoices	

23. Highlight **four** circumstances under which a business would prefer to use e-mail instead of a telephone. **(4mks)**
24. Classify the following human wants as either basic or secondary. **(3mks)**

	Need	classification
(i)	Security	
(ii)	Medical care	
(iii)	Shelter	
(iv)	Love	
(v)	Food	
(vi)	Education	

25. State **four** factors one should consider before introducing a new product in to the market. **(4mks)**

KCSE FINAL PREDICTION

BUSINESS STUDIES

TRIAL 10 PAPER 2

NAME..... INDEX NO.....

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QUESTIONS

1. (a) Explain **five** limitations of barter trade that occasioned the evolution of money. (10mks)
- (b) Explain the distinctions between each of the following sets of goods and services. (10mks)
- a) Free goods and economic goods.
 - b) Producer goods and consumer goods
 - c) Perishable goods and durable goods
 - d) Public goods and private goods.
 - e) Intermediate goods and finished goods.
2. (a) Explain **four** benefits of retailers to wholesalers. (8mks)
- (b) The following transactions took place in the business of Gidoi and sons limited in the month of July 2010:
- July 1-Started the business with capital in cash of sh. 150,000.
 - July 2-Opened a bank account and deposited sh. 30,000
 - July 3-Bought buildings by cash sh.60,000
 - July 4- Borrowed a loan in cash sh.20,000
 - July 5-Bought stationery by cheque sh.6,000

July 6-Repaid part of loan by cheque sh.10,000

Required:

Record these transactions in ledger accounts and balance them off. **(12mks)**

3. (a) Explain **five** advantages of a country belonging to a trading bloc. **(10mks)**
 (b) Outline **five** circumstances under which an insurance contract may be terminated.
(10mks)

4. (a) Explain **five** factors that may cause demand-pull inflation. **(10mks)**
 (b) The following details were extracted from the books of Harambee Homelife Traders on 31st Dec.2010.

	Kshs.
Closing stock	274,000
Capital	259,000
Gross profit	380, 000
Drawings	83,000
Creditors	93,000
Premises	103,000
Debtors	123,000
Cash at bank	33,000
1 year bank loan	50,000
General	54,000
Expenses	
Commission received	20,000
Wages and salaries	132,000

Required:-

- (i) Prepare Harambee Homelife Traders profit and loss account for the year ended 31st Dec, 2010.
- (ii) Prepare Harambee Homelife Traders balance sheet as at 31st Dec. 2010.
(10mks)
5. (a)For a perfect competition market to exist, there are several assumptions that are made.
 Explain any **five** of these assumptions. **(10mks)**

(b) State and explain the details of the various clauses under the Memorandum of Association as a document that explains the relationship between a company and outsiders. (10mks)

6. (a) While on their campaign trails, some presidential aspirants pledged to do away with taxation if elected in the 2007 general elections. Such a pledge was economically illogical and unfounded. Explain **five** reasons why the Kenya government must collect taxes from its citizens. (10mks)

(b) Explain **five** factors that have led to the survival of small-scale retailers despite competition from supermarkets. (10mks)

THE END

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