KCSE PREDICTION 1 2022

PAPER 1

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

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

9. The following transactions relate to the books of Amina traders as at 31st December 2015.
   Gross profit 20,000
   Commission allowed 200
   Carriage on sales 4,000
   Discount received 8,000
   Salaries 6,000
   Rent 2,000
   Discount revived ... 400
   Commission received 1,500
   Interest on bank loan 500
   Prepare Amina's profit and loss account for the period ended 31st December, 2015. (5 marks)
10. Outline the relationship between scarcity, choice and opportunity cost with respect to satisfaction of human wants. (4 marks)
11. List **four** documents prepared by the buyer in home trade (4 marks)
12. The National Transport Safety Authority (NTSA) is a department within the transport sector in Kenya. Highlight **four** benefits Kenyans enjoy due to the establishment of NTSA (4 marks)
13. Outline **four** reasons why a firm would prefer to locate near the market of its products (4 marks)
14. List **three** withdrawals in the circular flow of income (3 marks)
15. Other than serving as a medium of exchange. Mention **four** other functions of money (4 marks)
16. The following transactions relate to the books of kilimo holdings. Record them in the relevant ledger accounts. (4 marks)
   (i) 1st January 2015, took a loan with ICDC of kshs. 50,000 receiving by cheque.
   (ii) 5th January 2015, kelunyo, a debtor paid his account of kshs. 40,000 in cash.
   (iii) 10th January 2015, took money from bank, kshs. 50,000 for office use
   (iv) 12th January 2015, bought furniture kshs. 35,500 in cash
17. Give the name of the insurance policy described in the following table (4 marks)

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

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

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

24. The following information relate to Kamau traders for the month of December 2015.
Dec. 1- sold goods for kshs. 45,000 less 10% cash discount
Dec 5 - Bought goods worth kshs. 4,000 in cash and was allowed a discount of 5%
Dec 7 - a debtor paid kshs. 20,000 in full settlement of a debt of kshs 23,000 by cheque Dec
15 - Sold goods kshs. 70,000 on credit to jambo traders
Dec 26 - Paid rent kshs. 16,000 by cheque
Required:
Post the above transactions to relevant journals (4 marks)

25. Unemployment solving has been an agenda to most developing economies. Identify the type of unemployment being solved below. (4 marks)
(i) Government initiating irrigation projects to ensure continuous production of food
(ii) Retraining teachers to embrace use of technology in teaching and learning
(iii) Government and private sectors inventing job advertisement sites for easy access by job seekers (iv)
Parliament passing legislation that accommodate the disabled people to acquire jobs

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565/2
BUSINESS STUDIES
PAPER 2
TIME: 2 ½Hours

1. (a) Explain **five** circumstances that can cause a business to succeed in their activities. (10marks)
   (b) Explain **five** problems facing the savings and credit cooperative societies in Kenya. (10marks)
2. (a) A prudent tax system must meet certain essential qualities. Explain **five** indicators of a good tax system. (10marks)
   (b) Describe the procedure an insured must take when making an insurance claim. (10marks)
3. (a) Ondari intends to promote his products. Explain **five** factors that he must take into account when deciding on which method to use. (10marks)
   (b) Explain **five** weaknesses of using national income statistics as a measure of social welfare. (10marks)
4. (a) Explain **five** factors that justify the existence of small scale firms in an economy. (10marks)
   (b) Bartenge Enterprises started business on 1st May 2014 with Shs. 250,000 consisting of:
   Cash at bank Shs.200, 000, Cash in Hand Shs. 30,000 and Furniture Shs. 20,000.
   The following transactions took place during the month of May.
   3rd May 2014, Motor Van worth Shs. 85,000 and stock of Shs. 25,000 were bought on credit 6th May 2014, more stock worth shs.10,000 was bought by cash
   9th May 2014, withdrew money from bank sh 50,000 for office use
   15th May 2014, Sold stock at cost to a customer on credit for shs. 18,500
   19th May 2014, received a cheque for the full settlement of a debt owed from the transaction of 1st May 2014
   23rd May 2014, paid Shs. 65,000 by cheque for the motor van bought earlier on credit
   31st May 2014, paid Shs. 20,000 cash for the stock bought on credit
   Required:
   Prepare the balance sheet of Bartenge Holdings as at 31st May 2014. (10marks)
5. (a) Explain **five** problems that are faced by a country with a big population of ageing persons. (10marks)
   (b) Explain **five** differences between banking and non-banking financial institutions. (10marks)
6. (a) Explain **four** reasons why upward communication should be encouraged in an organization. (8marks)
   (b) The following trial balance was extracted from the books of Lule Traders on 30th April 2015

Lule Traders
Trial Balance
As at 30th April 2015

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

Stock as at 30.4. 2015 Shs. 49,980

Required:

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

KCSE PREDICTION 2 2022
BUSINESS STUDIES
565/1
PAPER 1

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

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

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

Nyakwar Atiyo Traders
Balance sheet
As at 30.06.2000

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

The following transactions took place on July 1 2000.
(i) Paid creditors Sh 2000 by cheque.
(ii) Nyakwar Atiyo took stock worth Shs 7500 from the business for his son's birthday.
(iii) Motor vehicle previously owned by Nyakwar Atiyo values at sh 200,000 was converted into business vehicles.

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

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

Opening stock	45,000
Closing stock	15,000
Turnover	340,000
Margin	25%

Required:
(i) Gross profit (2mks)
(ii) Purchases (2mks)
15. Distinguish between the following terms as used in National Income (3mks)
    a) Gross Domestic Product
    b) Gross National Product
    c) Per capita Income
16. Highlight **four** ways in which the government of Kenya promotes entrepreneurial development (4mks)
17. State **four** channels of distribution for importation of agricultural produce. (4mks)
18. Outline **four** trends in transport sector. (4mks)
19. Outline **four** benefits of indirect production. (4mks)
20. Enter the following transactions in the relevant ledger accounts (4mks)
    2015 April 1 Janet Cosmetics started a business with Ksh. 150,000 cash

„ 3 Bought stock of goods for Sh. 40,000 and paid in cash
„ 6 Opened a bank account and deposited Sh. 60,000 from the cash till
„ 9 Purchased an office machine for Sh. 25,000 and paid by cheque

21. Give **four** reasons why a producer may need to have their own warehouse (4mks)
22. State the name of the source document used to record the following transactions (4mks)

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

23. Define the following terms as used in business studies (4mks)
    (i) Annuity
    (ii) Proposer
    (iii) Speculative risk
    (iv) Grace period
24. In the table below fill in the missing figures S,T,U and V. (4 mks)

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

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

Year	Price
2010	300
2011	375

BUSINESS STUDIES
565/2
PAPER 2

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

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

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

2. (a) Giving the types of unemployment, state the causes of the remedies. (10 marks)
   (b) You are a sales executive with a local bank. Describe five steps that you must follow when sent to the field to promote the products of the bank. (10 marks)
3. (a) Discuss five reasons why a country's economy is showing slow increase in their National Income (10 marks)
4. Explain five problems that are likely to face the process of implementation of well-prepared economic development plans (10 marks)
5. (a) On 1st June 2015, Ndovu Traders had cash in hand of sh.25,000 and sh.56,200 at bank.
   During the month, the following transactions took place:
   2015
   June 2 Cash sales, sh.42,000.
   June 5 Received a cheque of sh.70,500 from Kiptala Traders after deducting a6% cash discount. June 8 Paid salaries, sh24,000cash.
   June 9 Yegon settled his account of sh.45,000 in cash and was allowed sh.l,800cash discount. June 12 Cash sales sh46,500.
   June 18 Paid Tuitoek's debt of sh.l00,000 by cheque after deducting 5% cash discount.
   June 24 Withdrew sh.26,000 from the bank for office use.
   June 30 Banked all the cash except sh.25,000.

   Prepare a 3-column cashbook and balance it off on 30th June, 2015. (10 marks)
   (b) Explain **five** factors that may hinder effective communication in an organization. (10 marks)
5. (a) Explain **five** factors that influence the choice of a product to produce. (10 marks)
   (b) Discuss **five** errors that may not be noticed in a trial balance. (10 marks)
6. (a) Discuss **five** canons of public expenditure. (10 marks)
   (b) The following information was extracted from the books of Umeme Traders as at 31st December 2009.

	Shs
Bank loan	567,000
Bank loan interest	1,440
Capital	1,680,000
Closing stock	87,000
Creditors	272,400
Debtors	140,280
Discount allowed	170,400
Electricity	30,240
Furniture	489,804
Furniture repairs	86,436
Gross profit	624,720
Maintenance on premise	72,000
Motor vehicle	1,080,000
Motor vehicle maintenance	360,000
Premise	648,000
Rent received	144,000
Sundry expenses	122,520

Prepare:
(i) Profit and loss account for the year ended 31st December 2009. (10 marks)
(ii) Balance sheet as at 31st December 2009. (10 marks)

KCSE PREDICTION 3 2022
BUSINESS STUDIES
565/1
PAPER 1

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

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

   Prepare a trial balance as at 31st July 2010. (4mks)
10. Outline **four** factors that may reduce the supply of cabbages in the local market. (4mks)
11. Sherry traders had the following assets and liabilities as at 1st January 2004.

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

    For the year ended 31st December 2004,
    (i) Additional capital was Shs. 24,000
    (ii) Drawings were Shs. 20,000
    (iii) Net profit was Shs. 34,000
    Determine the capital as at 31st December 2004. (4mks)
12. Outline **four** circumstances under which a credit note can be issued. (4mks)
13. National income from expenditure approach is calculated as follows:
    NI = C + I + G + (X-M)
    State the meaning of the following: (4mks)
    (i) C……
    (ii) I:……
    (iii) G ……..
    (iv) X-M:……..……
14. Highlight **four** reasons why a wholesaler may decide to sell goods through a retailer instead of selling directly to consumers. (4mks)
15. An entrepreneur may spot a gap in the market which may be converted into a business idea. Name **four** such gaps. (4mks)
16. Outline any **three** types of partnerships. (3mks)
17. List **four** ways in which consumers may be exploited by business organizations. (4mks)
18. Give **four** reasons why human portage remains popular among many communities in Kenya. (4mks)
19. State any **four** categories of telecommunication services. (4mks)
20. Kivory Youth Group wants to start a warehouse service business in their ward. State any **four** essential factors they should consider for their warehouse to function effectively. (4mks)
21. List any **four** varieties of insurance policies that the owners of a supermarket may find useful for the business. (4mks)
22. Chetambe retail shop carried out the transactions given in the table below. For each transaction, state the source of document and respective book of original entry. (4mks)

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

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

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

Calculate:-

(i) Cost of goods sold. (3mks)

(ii) Net sales (1mk)

(iii) Gross profit (1mk)

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

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

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

BUSINESS STUDIES
565/2
PAPER 2

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

   Jan 1 Balance b/d Cash Kshs. 200,000 Dr.
   Bank - Kshs. 15,000Cr
   Jan 2 Cash sales Kshs. 145,000
   Jan 6 Paid for motor expenses Kshs. 2,000
   Jan 7 Paid salaries in cash Kshs. 50,000
   Jan 9 Bought stationeries in cash Kshs. 1,000
   Jan 14 Settled Kalyet's account of Kshs. 60,000 by cheque less 3% cash discount. Jan 18 Received a cheque of 84,600 from Koech after deducting 10% cash discount. Jan 21 Cash sales paid direct into the bank 340,000
   Jan 23 Kaigat settled his account of 2,600 by cheque after deducting 5% cash discount.
   Jan 24 Received cheque from the following debtors after deducting 10% discount in each case; Chuma Kshs, 3,000, Buko 28,000 and Matapei 9,000
   Jan 25 Paid consultancy salaries in cash Shs. 2,000
   Jan 29 Credit purchase of Shs. 10,000
   Jan 31 Banked all except 4,200
3. (a) Explain **five** types of indirect taxes. (10mks)
   (b) Outline **five** differences between a public limited company and a public corporation. (10mks)
4. (a) The following trial balance was extracted from the ledgers of Baraka Traders for the year ended 31st December 2015.

BARAKA TRADERS
TRIAL BALANCE
AS AT 31ST DECEMBER 2015

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

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

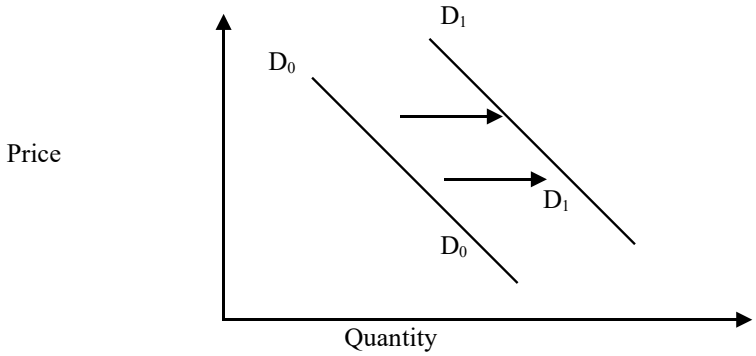
Required:

(i) The Trading, Profit and Loss Account for the year ended 31st December 2015. (8mks)
(ii) A Balance Sheet as at that date. (4mks)

   (b) According to a recent info-track findings, unemployment is a major problem facing the youth in Kenya. Explain **five** measures that the Kenyan government should take to alleviate the problem. (10mks)
5. (a) Explain various methods used by the Kenyan government to improve its exports. (10mks)
   (b) Explain **five** benefits that are enjoyed by business enterprise operating in large scale. (10mks)
6. (a) Explain **five** features of perfect competition market. (10mks)
   (b) Explain **five** benefits of mobile banking to customers. (10mks)

KCSE PREDICTION 4 2022
565/1
PAPER 1

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



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

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

16. State the functions of the following documents as used in international trade. (4mks)
    (i) Consumer invoice
    (ii) Certificate of origin
17. Outline any **four** components of external business environment. (4mks)
18. Outline any **four** barriers to verbal communication. (4mks)
19. Highlight any **four** demerits of a young population. (4mks)
20. Outline any **four** sources of finance to the county government of Nandi apart from taxes. (4mks)
21. List **four** reasons why a business exists. (4mks)
22. Kenya government has embarked on a policy of establishing industries away from each other. State any **four** benefits that this policy may achieve. (4mks)
23. The following information relates to Nyangores Traders as at 31st December 2000.

	Shs.
Cash	20,000
Creditors	35,000
Repaid rent	2,000
Bank overdraft	5,000
Premises	50,000
Accrued salary	4,000

    Prepare Nyangores Traders Balance Sheet as at December 2000. (4mks)
24. Outline any **four** current trends in product promotion. (4mks)
25. State any **four** circumstances under which partnership may be dissolved. (4mks)

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BUSINESS STUDIES
565/2
PAPER 2

1. (a) In every business, there are documents containing information that forms a basis of making entries in the Books of Accounts. Explain **five** types of these documents. (10mks)
   (b) Explain **five** reasons for the increased use of M-Pesa among Kenyans today. (10mks)
2. (a) Mrs. Baraka, a trader had the following cash transactions starting 1st January 2022.

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

   Enter the above transactions in a three-column cashbook. (12mks)
   (b) Explain **four** means of payment provided by the post office. (8mks)
3. (a) Highlight **five** differences between perfect competition market and monopolistic competition market. (10mks)
   (b) Discuss **five** factors that should be considered when buying office equipment. (10mks)
4. (a) Explain **five** ways through which inflation may be controlled other than the use of monetary policy. (10mks)
   (b) Outline **five** circumstances that would make a person prefer a taxi rather than a matatu. (10mks)
5. (a) The table below shows prices and quantity of a crate of tomatoes supplied at Kapsabet Market for the last quarter of year 2015.

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

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

Nandi Hills Enterprises
Trial Balance
As at 31st December 2014

	Dr	Cr
Capital		250,000
Drawings	33,000	
Opening stock	47,000	
Purchases	300,000	
Sales		420,000
Returns Inwards	4,000	
Returns outwards		7,000
Carriage outwards	10,000	
Carriage inwards	28,000	
Discount allowed	4,000	
Furniture	25,000	
Motor vehicle	145,000	
Creditors		55,000
Discount received		14,000
Premises	100,000	
Debtors	50,000	
	746,000	**746,000**

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

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

KCSE PREDICTION 5 2022
BUSINESS STUDIES
565/1
PAPER 1

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

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

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

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

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

Account	*Account type*
Machinery	
Kamau(creditor)	
Electricity bill	
Rent income	

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

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

8. Diana, Peter and James have been running a business as a partner without a written agreement. Advice them on the following matters as per the partnership Act. 4mks
   a) Profit and loss sharing
   b) Salary to partners
   c) Loans given to the business by the partner
   d) Admission of a new partner
9. State whether each of the following transactions increased, decreased or had no effects on the balance sheet totals. 4mks

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

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

Manyatta Traders
Cash book for the month of February 2009

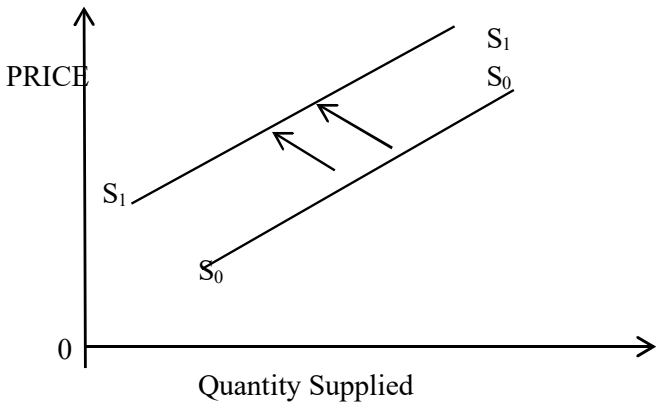
Date	Particulars	Disc. All	Cash	Bank	Date	Particulars	Disc.rec	Cash	Bank
2004					2004				
Feb 1	Bal b/d		2,000	5,000	Feb 15	Bank C1		15,000	
12	Wanjala	1,000	19,000		26	Njeru	850		17,000
15	Cash C1			15,000	27	Bal c/d		6,000	3,000
		1,000	21,000	20,000			850	21,000	20,000
28	Bal b/d								
			6,000	3,000					

Describe the transactions which took place on the dates given below. 4mks
i) February 1
ii) February 12
iii) February 15
February 26

13. State four specific objectives of advertising as a tool of sales promotion. 4mks
14. Apart from government borrowing, outline four other sources of government revenue. 4mks
15. Give four reasons that make insurance companies decline to insure acts of nature. 4mks
16. Using the accounting equation, fill in the missing figures in the following table. 4mks

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

17. Identify four barriers to international trade that are imposed by governments. 4mks
18. The diagram below shows a shift in supply curve from S_0S_0 to S_1S_1 4mks



State four factors that may account for the above shift. 4mks
19. Give four basic characteristics of a business idea. 4mks
20. The table below shows the age distribution of a country.

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

State four negative economic implications of this age distribution to a county. 4mks

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

BUSINESS STUDIES
565/1
PAPER 1

1. a) Explain five principles that guide the operations of an insurance company. 10mks
   b) Explain five features that differentiate a private limited company from a public limited company. 10mks
2. a) Outline five differences between monopolistic competition and monopoly types of markets. 10mks
   b) The following balances were extracted from the books of mathioya- kangema traders on 1st Jan 2015

Capital	920,000
Building	300,000
Machinery	250,000
Debtors	100,000
Creditors	200,000
Bank	280,000
Stock	190,000

The following transactions took place during the year ended 31st Dec 2015.

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

Required:

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

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

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

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

6. a) Wholesalers can be classified based on their method of operation. Describe four types of whole salers under this classification. 8mks
   b) The trial balances shown below was extracted from the ledger accounts of Maendeleo Traders as at 31st Dec 2015.

MaendeleoTreaders
Trial Balance
As at 31st Dec 2015

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

Stock on 31st Dec. 2015 was sh. 30,000
Required:
Prepare Maendeleo Traders trading, Profit and Loss account for the period ended 31st Dec. 2015.12mks

KCSE PREDICTION 6 2022
BUSINESS STUDIES
565/1
PAPER 1

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

	Capital (Shs)	Liabilities (shs)	Assets (Sh)
a)	21,920		30,341
b)		2,192	19,840
c)	3,773	1,591	
d)		73,000	100,920

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

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

Outline four causes of the trend in the table. (4 marks)

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

	Shs
Insurance	15,000
Rent received	50,000
Discount received	25,000
Discount allowed	10,000
Salaries and wages	30,000
Carriage outwards	20,000

25. Highlight four importance of entrepreneurship. (4 marks)

BUSINESS STUDIES
565/2
PAPER 2

Answer any FIVE questions.

1. a) Explain FIVE ways in which external environment can negatively affect a business. (10 marks)
   b) Describe FIVE features of a less developed country. (10 marks)
2. a) The following information relates to the business of Kipisigs Traders for the week ended 29th Feb 2022.
   Feb 24th Started business with shs 24,000 in thebank.
   Feb 25 th Bought goods worth shs 18,000 by cheque.
   Feb 26 th Sold goods for cash shs 18,900
   Feb 28 th Cash sales worth Kshs 5,625
   Feb 29 th Paid commission Kshs 900 in cash.
   Required
   Prepared ledger accounts and balance them off. (10 marks)
   b) Explain five benefits that could accrue to a customer who buys goods from a department store. (10 marks);
3. a) Explain five ways in which inflation can be controlled by the government. (10 mks)
   b) Explain five disadvantages of persuasive advertising to consumers. (10 mks)
4. a) Describe five circumstances when a country may be forced to control her imports. (10mks)
   b) Explain five roles played by licensing as a government regulatory tool. (10 mks)
5. a) The following Trial balance was prepared from the books of Kaitui Traders as at 31 st Dec. 2015.

Kaitui Traders
Trial balance

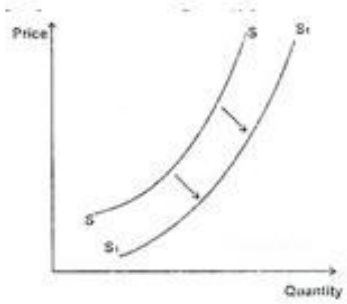
	Dr	Cr
Land and buildings	500,000	
Capital		940,000
Plant and machinery	200,000	
Motor vehicles	300,000	
10 yr bank loan		200,000
2 year LCDC loan		100,000
Stock	100,000	
Debtors	60,000	
Creditors		60,000
Accrued expenses		20,000
Cash at bank	100,000	
Cash at hand	20,000	
Drawings	40,000	
	1,320,000	1,320,000

Prepare
A balance sheet as at 31.12.2015
i) Determine
Working capital.
Capital employed
Borrowed capital (10 marks)
ii) Explain five roles played by intermediary in the chain of distribution.

6. a) Explain five services that the central bank of Kenya offers to commercial banks. (10 marks)
   b) Explain five measures being used by the government to control high rate of unemployment in Kenya. (10 marks)

KCSE PREDICTION 7 2022
BUSINESS STUDIES
565/1
PAPER 1

1. Identify four gaps that may create a business opportunity in a market. (4 marks)
2. Classify the following factors as either micro or macro business environment. (4 marks)
   a) Business culture
   b) Tax rates
   c) Employees
   d) Level of competition
3. The following diagram illustrates a change in supply.



   Outline four factors responsible for the change of the supply curve from SS to S_1. (4marks)
4. State four ways on how the government can ease traffic congestion in towns. (4 marks)
5. State any four adverse effects of inflation. (4 marks)
6. Outline four positive effects of declining population. (4 marks)
7. State four factors that determine the premiums charged by insurance companies for life policies. (4 marks)
8. The information relates to Mamboleo Traders as at 31-12-2010.

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

   Calculate
   i) Return on capital employed (2 marks)
   ii) Current ratio (2 marks)

9. State four benefits of a public warehouse to a consumer. (4 marks)
10. State four benefits of a public warehouse to a consumer. (4 marks)
11. Name the ledger book in which the following information is posted. (4 marks)
    a) Total of purchases journal
    b) Individual accounts of debtors
    c) Fixed assets accounts ;
    d) Accounts of credit suppliers
12. Outline four circumstances under which written communication may be preferred. (4 marks)
13. State four measures that may be taken by the Kenyan government to solve unemployment problem. (4 marks)
14. Record the following transactions in a two-column cash book and balance it off; (4 marks)
    Jan 1st opening balances: Cash sh 3000, bank overdraft sh 8000
    Jan 2nd Bought goods worth sh 2000 and paid by cheque Jan
    3rd Received a cheque of sh 2900 from a debtor Jan 4th paid
    wages sh 1000

Date	Details	L.F	Cash	Bank	Date	Details	L.F	Cash	Bank

15. Give four reasons why a country may adopt protectionism in international trade. (4marks)
16. State four roles of customer care desks. (4marks)
17. State four reasons why a producer may involve wholesalers in distributing .products. (4 marks)
18. Outline four benefits public finance. (4marks)
19. Outline four benefits of privatisation to Kenyan economy (4marks)
20. Mention four benefits that consumers may get from small scale retailers. (4marks)

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21. For each of the following source documents, name the relevant day book where it can be used in recording transactions. (4 marks)

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

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

RICH'S
Balance sheet As at 31/8/2015

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

BUSINESS STUDIES
565/2
PAPER 2

1. a) Explain five benefits of entrepreneurship to the Kenyan economy. (10 marks)
   b) Explain five guidelines under which insurance companies .operate. (10 marks)
2. a) Explain five factors that determine the level of national income. (10 marks)
   b) Explain five factors that may affect economic planning process. (10 marks)
3. a) Explain five ways in which internal business environment affect the business operations. (10 marks)
   b) The following transactions took place in the business of Shujaa Enterprise during the month of March 2015.
   2015 March
   1st: Credit purchase from Maisha sh 20,000, Ndovu sh 5,000, Kingi sh 12,000
   3rd: Credit sales to Kombo sh 6000, Mamboleo sh 8000, Ndugu sh 10,000
   8th: Goods returned to Shujaa Enterprises from Kombo sh 500, Ndugu sh 1000
   12th: Goods returned by Shujaa Enterprises to Kingi sh 1500, Ndovu sh 500
   Required;
   Record the above information in the relevant books of original entry. (10 marks)
4. a) Differentiate between a private warehouse and a public warehouse. (10 marks)
   b) Explain five ways through which commercial banks facilitate payment (10marks)
5. a) Explain five circumstances under which personal selling may be appropriate as a method of product promotion. (10 marks)

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

	Dr	Cr
	Sh	Sh
Capital		250,000
Stock	25000	
Machinery	250,000	
Motor vehicle	87000	
Purchase	360,000	
Sales		600,000
Returns inwards	40,000	
Returns outwards		20,000
Discount received		5,000
Carriage inwards	2000	
Carriage outwards	3000	
Bad debts (written off)	80,000	
General expenses	88,000	
Debtors	18,000	
Creditors		49,000
Rent	1000	
	954,000	954,000

   Additional information;
   Closing stock was sh. 22000
   Prepare Milka traders Trading, profit and loss account for the year ending 31/12/2015. (10marks)
6. a) Describe five channels followed in exporting agricultural product. (10 marks)
   b) Explain five characteristics of a perfect competition market. (10 marks)

KCSE PREDICTION 8 2022
BUSINESS STUDIES
565/1
PAPER 1

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

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

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

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

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

	shs.
Computer	45,000
Capital	136,000
Creditors	20,000
Furniture	80,000
Bank	26,000
Cash	5.000

The following transactions took place on 2nd July 2012 :
purchased a motor van for sh.400,000 on credit from Shah motors
paid a creditor sh. 13,000 by cheque
bought furniture for sh.8000 by cheque
Prepare a balance sheet as at 2nd July 2012 after the above transactions had taken place. (4 marks)

15. Record the following transactions in Kanana's Ledger accounts.
2014
Jan 1 : Credit sales to Mawira Ksh.60,000
Jan 2 : Credit purchases from Mutua Ksh. 120,000 (4 marks)
16. State four positive effects of inflation in a country. (4 marks)
17. Highlight four causes of unfavourable balance of payments. (4 marks)
18. Identify the source document used to make entries in the following journals. (4 marks)

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

19. State four factors that hinder economic development in most African countries. (4marks)
20. The following information relates to Muindi Traders.

Stock (1/1/2011)	30.000
Stock (31/12/2011)	15,000
Purchases	150,000
Mark up	20%

Prepare the trading account for the period ended 31/12/2011. (4marks)

21. Highlight four benefits that accrue to a firm that expands its scale of operation. (4marks)
22. Identify four ways in which goods are prepared for sale in a warehouse. (4 marks)
23. List four examples of direct taxes. (4 marks)
24. Highlight four channels that can be used to export goods from Kenya to South Africa. (4marks)
25. List four assumptions of the circular flow of income in a two sector closed economy. (4 marks)

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BUSINESS STUDIES
565/2
PAPER 2

1. a) Explain five problems encountered when measuring national income of a country. (10 marks)
   b) Explain five reasons why a country imposes taxes on her citizens. (10 marks)
2. a) Explain five ways of improving the efficiency of a warehouse. (10 marks)
   b) The following transactions related to Kioko Traders for the month of May 2012

   May 2: Sold goods on credit to Asunta sh.24, 000 and Janet sh.32, 000 May
   8: Bought goods on credit from Patel Traders sh.80, 000
   May 12: Asunta returned goods worth sh.4, 000
   May 15: Purchased goods on credit from Karoki sh.68, 000 and Petero sh.62, 100
   May 20: Goods worth sh. 12,000 were returned to Patel Traders and goods worth sh.6, 000 to Karoki
   May 23: Goods sold on credit to Asunta sh. 16,000, Tom sh.22000 and Joseph sh.26, 000 May 27: Goods returned by Janet sh.4, 000
   May 30: Purchased a motor vehicle on credit worth sh. 1,000,000 from General motors Prepare the relevant journals. (10 marks)

3. a) Explain five features of a monopoly. (10 marks)
   b) Explain five benefits that may accrue to a community involved in home trade. (10 marks)
4. The following balances were extracted from the books of Mutwiri Traders for the year ended 31st December 2011.

	Shs.
Gross profit	76,200
Stock (31 st Dec.)	160,400
Cash	210,120
Motor vehicle	1,206,000
Capital	1,207,120
Equipment	401,200
Furniture	188,800
Creditors	248,400
Debtors	151,800
Discount received	52,800
Salaries	24,800
Carriage outward	28,800
Rent income	25,200
Advertising	44,400
Insurance	18,800
Bank overdraft	825,400

Required:

(i) Prepare a profit and loss A/C for Mutwiri Traders for the year ended 31 st Dec.2011. (5 marks)
(ii) Prepare a balance sheet as at 31 st Dec.2011. (5 marks)
b) Using a diagram illustrate the effects of a rightward shift in supply curve on equilibrium price and quantity. (10 marks)

5. a) Explain five reasons why a business may replace an old machine with a new one. (10marks)
   b) Explain five factors that hinder entrepreneural activities in a country. (10marks)
6. a) Explain five reasons for trade restrictions by a country. (10marks)
   b) Explain five reasons why a country should undertake development planning. (10marks)

KCSE PREDICTION 9 2022
BUSINESS STUDIES
565/1
PAPER 1

1. Highlight four ways in which business studies may be of benefit to an individual. (4 Mks)
2. Outline four features of economic resources. (4 Mks)
3. Highlight four characteristics of labour as a factor of production. (4 Mks)
4. List four sources of business idea. (4 Mks)
5. Highlight four elements of a carbon copying in the reproduction of documents. (4 Mks)
6. Outline four differences between hire purchase and installment buying. (4 Mks)
7. Mention four current trends in forms of business units. (4 Mks)
8. Outline four duties of commercial attaches. (4 Mks)
9. Highlight four advantages of human porterage. (4 Mks)
10. Outline four ways that the government can use to influence the quantity of a commodity supplied. (4 Mks)
11. List four factors that determine the size of a firm. (4 Mks)
12. Outline four factors that a producer would consider when selecting a distribution channel. (4 Mks)
13. Outline four challenges that may be encountered when measuring national income using income approach. (4 Mks)
14. The following information was obtained from the records of Biashara traders as at 31st December 2014.

	Sh.
Long term loan	20,000
Debtors	6,000
Cash at bank	24,000
Creditors	14, 000
Furniture	40,000
Stock	10,000

Prepare Biashara Traders balance sheet as at 31st December 2014.

15. Highlight four advantages of trade restriction. (4 Mks)
16. The following information was extracted from the books of Sunrise Enterprise on 30th June 2012

Item	Shs
Purchases	200,000
Opening stock	44,000
Closing stock	52,000
Mark - up	20%

Prepare the Trading account of Sunrise Enterprise for the year ended 30th June 2012. (4 Mks)

17. Outline four circumstances under which sign language would be appropriate. (4 Mks)
18. Highlight four possible consequences that may arise due to poor arrangement of goods in a warehouse. (4 Mks)
19. Outline four factors that may hinder economic developments. (4 Mks)
20. Highlight four reasons that may necessitate insurance companies to re-insurance. (4 Mks)
21. Outline four advantages of window display as a method of product promotion. (4 Mks)
22. Outline four negative effects of an ageing population in an economy. (4 Mks)
23. On 1 April 2014, Kama Traders had Sh 200,000 in cash and Sh 70,000 bank overdraft.
During the month the following transactions took place.
April 10 A debtor settled his account of sh 500,000 by cheque less 5% cash discount.
April 15: Settled Jane's account of sh 90,000 by cheque less 3% cash discount.
April 30: Banked all cash except sh 40,000.

Enter the above information in the cash book given. (4 Mks)

Cash book

Dr										Cr
Date	Details	Discount Allowed	Cash	Bank		Date	Details	Discount Received	Cash	Bank

24. Highlight four advantages of a fixed deposit account. (4 Mks)
25. State four sources of monopoly power. (4 Mks)

BUSINESS STUDIES
565/2
PAPER 2

1. (a) Explain five external business environments and how they influence a business negatively. (10 Mks)
   (b) Describe five types of unemployment. (10 Mks)
2. (a) Explain five services a wholesaler may offer to a manufacturer. (10 Mks)
   (b) Outline five measures that a country may take to correct her Balance of payments (B.O.D) deficit. (10 Mks)
3. (a) Explain any five principles of insurance. (10 Mks)
   (b) Highlight five measures that the Kenya government should take to control the high rate of inflation. (10 Mks)
4. (a) Explain five services commercial banks may offer to a customer. (10 Mks)
   (b) Explain five factors that influence the level of national income. (10 Mks)
5. (a) Outline five differences between a public limited company and a cooperative society. (10 Mks)
   (b) Describe five channels that may be used to distribute an exported agricultural product. (10 Mks)
6. (a) Explain four services that facilitate communication. (8 Mks)
   (b) The following trial balance was prepared from the books of Joska Traders as at 31st Dec 2014.

Joska Traders
Trial balance
As at 31st Dec. 2014.

	Dr Shs	Cr Shs
Sales		90,000
Purchases	60,000	
Returns Inwards	8,000	
Returns Outwards		2,000
Carriage Inwards	4,000	
Carriage Outwards	300	
Stock (Jan 2014)	10,000	
Rent	6,000	
Creditors		10,000
Debtors	29,000	
Interest expense	1,800	
General expense	700	
Capital		17,800
	119,800	119,800

KCSE PREDICTION 10 2022
BUSINESS STUDIES
565/1
PAPER 1

1. Outline **four** types of business activities. (4 marks)
2. Highlight **four** disadvantages of specialization. (4 marks)
3. Outline four circumstances that would make an office manager to replace an existing machine with a modern one. (4 marks)
4. Outline **four** qualities of an office worker. (4 marks)
5. Give **four** benefits of operating a small scale retail business over a large scale retail business. (4 marks)
6. Ndovu bought 200 blankets at Sh.500 each on credit. The terms of sale were 20% trade discount, 10% quantity discount and 5% cash discount if payment is made within two weeks. Calculate the amount paid if payment is made after one week. (4 marks)
7. Outline **four** circumstances under which a sole proprietorship may be dissolved. (4 marks)
8. State **four** functions of commercial attachees. (4 marks)
9. State the unit of carriage for each of the following modes of transport. (3 marks)

Mode of transport	Units of carriage
(a) Sea	
(b) Portage	
(c) Road	

10. State **four** reasons why short message services (SMS) is replacing letters as a way of communication. (4 marks)
11. Outline **four** reasons why an ageing population may not be desirable to a country. (4 marks)
12. List **four** reasons why a producer would not need a lot of warehousing facilities. (4 marks)
13. Highlight **four** insurance policies that a business person may find useful for his/her business. (4 marks)
14. Highlight **four** circumstances under which it may be appropriate to use personal selling to promote products. (4 marks)
15. Indicate whether each of the following factors influence demand or supply of a commodity. (3 marks)

Factor	Demand or Supply
(a) Changes in the prices of inputs.	
(b) Change in tastes and preferences.	
(c) Changes in technology.	

16. Highlight **four** characteristics of a perfect competitive market. (4 marks)
17. Highlight **four** problems which may be encountered when measuring national income using output approach. (4 marks)
18. On 1st July 2012, Mara traders had Sh.6,000 cash in hand and bank overdraft of Sh.2,000. During the month the following transactions took place:

    2012
    July 2: Received cheques from debtors totaling to Sh.50,000 July
    5: Paid rent Sh.2,000 cash.
    July 15: Withdrew Sh.5,000 from the bank for personal use. July
    25: Banked all the cash except Sh.1000

    Prepare a Two-column Cash Book for the month. (5 marks)
19. The following is an extract of a bank account of Komu traders for the month of June 2015.

Bank account

2015		Shs	2015		Shs
June 1	Balance b/d	200,000	June 5	Salim traders	50,000
June 10	Kombo	10,000	June 20	Electricity	5,000
			June 25	Cash	20,000
			June 30	Balance c/d	135,000
		210,000			210,000

State the transactions that took place on the following dates:
(a) June 5:……
(b) June 10:……..
(c) June 20:……..
(d) June 25:……..

20. State **four** advantages of using subsidiary books of accounts. (4 marks)
21. State **four** banking services that the Central Bank of Kenya provides to the government. (4 marks)
22. The average consumer price for a 90kg bag of maize for the year 2012 and 2013 is shown below.

Year	2012	2013
Prices	Ksh.3000	Ksh.4000

Calculate the increase in Consumer Price Index using 2012 as the base year. (4 marks)

23. Outline **four** causes of balance of payments disequilibrium. (4 marks)
24. Highlight **four** ways in which Kenya is likely to benefit from preparing a proper development plan. (4 marks)
25. The following information was extracted from the books of Amani traders on 31st December 2014.

	Shs
Commission received	22,000
Sales	763,500
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 Trial Balance of Amani traders for the month ended 31st December 2014. (5 marks)

BUSINESS STUDIES
565/2
PAPER 2

1. (a) Kibugi Wholesalers intends to construct a warehouse. Explain **five** measures that Kibugi wholesalers should take to ensure smooth functioning of the warehouse. (10 marks)
   (b) Explain **five** ways in which commercial banks facilitate payment on behalf of their customers. (10 marks)
2. (a) Your school intends to place an order with Elimu Company limited for the supply of some urgently required laboratory equipment. Explain **five** reasons why it would be advisable for the school to use e-mail instead of telephone when placing the order. (10 marks)
   (b) Most third world countries have been experiencing inflation.
   Explain **five** negative effects of inflation in the countries. (10 marks)
3. (a) Country X is experiencing high levels of unemployment. Explain **five** measures that she may take to solve the unemployment problems. (10 marks)
   (b) Explain **five** advantages of buying goods on hire purchase terms. (10 marks)
4. (a) Karoki a newly employed Clerk has been assigned the task of filing documents. Explain to him **five** characteristics he should consider when choosing a filing system. (10 marks)
   (b) Using a diagram illustrate the effects of a positive shift of a demand curve on the equilibrium point, price and quantit (10 marks)
5. (a) Explain **five** circumstances under which a manufacturer would prefer to sell his products direct to consumers instead of selling through middlemen. (10 marks)
   (b) The headline for yesterday's newspaper was ―Mwangaza company limited has been dissolved!‖ Explain **five** circumstances that could have led to the dissolution. (10 marks)
6. (a) Explain any **five** reasons why the government and other organizations are engaged in consumer protection. (10 marks)
   (b) The following trial balance was extracted from the books Mzalendo traders on 30th April 2005.

	Dr(shs)	**Cr(shs)**
Sales		115,560
Stock 1/5/2004	37,760	
Carriage outwards	3,260	
Carriage inwards	2,340	
Return inwards	4,400	
Return outwards		3,550
Salaries	24,470	
Electricity	6,640	
Rent	5,760	
Sundry expenses	12,020	
Equipment	24,000	
Furniture	6,000	
Debtors	45,770	
Creditors		30,450
Bank	38,760	
Cash	1,200	
Drawings	20,500	
Capital		128,440
	348,440	**348,440**

Stock at 30th April 2005 was 19,980

Required:
Prepare: (a) Trading, profit and loss account for the year ended 30th April 2005. (10 marks)

KCSE PREDICTION 11 2022
565/1
PAPER 1

1. Outline **four** characteristics of direct production. (4mks)
2. Highlight **four** challenges faced by consumer organizations in carrying out their mandate of consumer protection. (4mks)
3. In the spaces provided, indicate whether each of the following statements relate to preference shares or ordinary shares.

   Statement **Types of shares**

   (i) Has voting rights
   (ii) Rate of dividend is fixed
   (iii) Considered first in liquidation
   (iv) Represent ownership
4. Highlight **four** characteristics of economic resources. (4mks)
5. State **four** ways in which the Kenyan currency qualifies as good money. (4mks)
6. List **four** causes of structural inflation. (4mks)
7. Highlight **four** positive effects of a declining population. (4mks)
8. Highlight **four** uses of a Bill of Lading in international trade. (4mks)
9. State **four** ways in which the nature of goods would influence the choice of transport. (4mks)
10. Outline **four** features of a re-insurance company. (4mks)
11. Below are some of the factors that influence the operations of a business. Indicate with a tick (√) in the appropriate column the business environment associated with each of the factor. (4mks)

	Factors	Internal Environment	External Environment
(i)	Customers preference		
(ii)	Objectives of the business		
(iii)	Exchange rates		
(iv)	Personnel knowledge and skills		

12. Using a well labelled diagram, illustrate movement along the demand curve. (4mks)
13. Highlight **four** functions of Kenya Bureau of Standards. (4mks)
14. The following information relates to Amani Traders for the period ended 30th April 2012.

	Shs.
Opening stock	45,000
Closing stock	?
Purchases	720,000
Sales	980,000
Sales returns	30,000
Carriage inwards	20,000
Margin	20%

Prepare Amani Traders' Trading Account. (5mks)

15. Highlight **four** methods that are used by a monopolistic firm to differentiate products.
16. Nyandudo is employed as a filing clerk in Jagoni Hospital. Highlight **four** challenges the hospital is facing in it's filing from Nyandudo's incompetence. (4mks)
17. Give **four** circumstances when it would be appropriate to use signs and gestures to communicate in business. (4mks)
18. Indicate using a tick (√) the type of balance that each of the following accounts usually has.

	Account	Debit balance	Credit balance
(i)	Capital		
(ii)	Returns inwards		
(iii)	Rent received		
(iv)	Cash in hand		

19. Outline **four** types of expenditure included in measuring national income. (4mks)
20. List **four** factors that may influence the methods of distribution of agricultural products from the farm. (4mks)
21. For each of the following transactions, state the source document and the book of original entry in which the transactions would be recorded. (4mks)

	Transaction	Source Document	Book of original entry
(i)	Goods returned to a supplier		
(ii)	Sale of goods on credit		
(iii)	Payment to a creditor		
(iv)	Purchase of goods on credit		

22. Outline the challenges that less developed countries are likely to experience as they implement their development plans. (4mks)

23. For each of the following situations, name the most suitable means of payment to be used. (4mks)

	Situation	Most suitable means
(i)	A trader wishes to pay fifty of his creditors using one cheque for supplies received.	
(ii)	Paying school fees for a student from Nyeri who is at Nairobi School.	
(iii)	Paying Insurance Premiums monthly to CIC for a Life Cover.	
(iv)	Wairimu wishes to instantly transfer Shs. 50,000 from her account to another account.	

24. Chumo industries want to open a warehouse for her products. Give the management some advice on **four** factors it should consider in establishing the warehouse. (4mks)
25. Identify **three** ways of generating a business idea. (3mks)

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BUSINESS STUDIES
565/2
PAPER 2

1. (a) Explain **five** guidelines that should be considered when designing a good tax system. (10mks)
   (b) Abdula, a manufacturer exhibited his goods at a local trade show. However, his sales did not increase significantly thereafter. Outline **five** reasons that may have led to lack of significant sales increase. (10mks)
2. (a) Kazungu has located his manufacturing firm away from the source of raw materials he uses. Explain **five** challenges he is likely to experience as a result of the location. (10mks)
   (b) On 1st July 2011, Mananga had cash at Bank sh. 136,500 and cash in hand sh. 3,250. During the month, the following transactions took place.

July	2:	Cash sales Sh. 42,630 paid directly into bank.
July	3:	Received a cheque for Sh. 14,100 from Murungi in full settlement of a debt.
—	8:	Bought goods for Sh. 26,240 and paid by cheque.
	12:	Cash sales 42,450.
	14:	Paid Ochako by cheque Sh. 23,750 in full settlement of his account less 5% cash discount.
	15:	Paid wages Sh. 24,000 in cash.
	16:	Withdrew sh. 36,000 from bank for office use.
	18:	Bought stationary in cash Sh. 750.
	20:	Cheque received from Murungi was dishonoured.
	28:	Paid salaries by cheque for Sh. 48,600.
	30:	All cash was banked except Sh. 5,000.

Required: Prepare a Three-Column Cashbook duly balanced. (10mks)

3. (a) Outline **five** differences between perfect competition market and oligopolistic markets. (10mks)
   (b) Explain **five** measures that a country may take to correct a balance of payment deficit. (10mks)
4. (a) Outline **five** circumstances under which the government of a country would encourage high population. (10mks)
   (b) Explain **five** monetary policy measures that the government may take to control demand pull inflation. (5mks)
5. (a) Highlight **five** differences between an open plan office and enclosed office layout. (10mks)
   (b) Explain **five** activities that may be carried out in the process of distributing goods. (10mks)
6. (a) Explain **five** factors that may negatively affect the demand for a product in the market. (10mks)
   (b) The following trial balance was extracted from the Books of Kabati Traders on December 31st 20-2.

	Dr Shs.	Cr Shs.
Sales		370,400
Purchases	290,000	
Returns	15,000	10,000
Carriage in	6,000	
Carriage out	4,200	
Advertising	12,000	
Commission		23,000
Cash	50,800	
Discounts	4,900	16100
Salaries and wages	22,500	
General expenses	8,300	
Machinery	405,000	
Stock	27,500	
Capital		390,900
Debtors	56,200	
Creditors		73,250
Bank overdraft		18,750
	902,400	902,400

Stock on 31st December 20-2 Sh. 35,000
Prepare the Trading, Profit and Loss Account for the period ended 31st December 20-2 and a balance sheet as at that date. (10mks)

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