KCSE BUSINESS STUDIES 2022 LATEST PREDICTION EXAMS

KCSE PREDICTION 1 2022

PAPER 1

1. Name the discipline of business studies described in the statements below: (4marks)
   (a) The systematic way of recording business activities for easier decision making
   (b) The study of how human beings strive to satisfy their unlimited wants using the available scarce resources…….
   (c) The study of the activities involved in the process of identifying a business opportunity and acquiring the necessary resources to start and run a business
   (d) The study of trade and aids to trade……..
2. Outline four external factors that may negatively influence the operations of a business (4marks)
3. State four circumstances under which a trader would adopt a policy of cash with order (C.W.O). (4marks)
4. Highlight four functions of an office in an organization. (4marks)
5. The following balances were extracted from the books of Wekesa Traders on 31st December 2009.

Items	**Kshs**
Capital	500,000
Cash in hand	20,000
Buildings	200,000
Furniture	25,000
Motor vehicle	400,000
Creditors	18,000
Debtors	36,000
Bank	100,000
Bank loan	263,000

   Using the above information, prepare Wekesa Traders Trial Balance on 31st December 2009. (5marks)
6. Identify four legislations used by the government to protect Kenyan consumers against unscrupulous traders (4marks)
7. The following information relates to Kimani Traders

Purchases	2,700,000
Returns outwards	600,000
Closing stock	500,000
Opening stock	1,200,000
Margin	$^{2}/_{9}$

   Calculate:
   (a) Cost of sales (2marks)
   (b) Gross profit (2marks)
8. State three features of basic human wants (3marks)
9. Outline four reasons why an increase in per capita income may not necessarily lead to rise in the standard of living of the citizens. (4marks)
10. State the relevant books of original entry into which information extracted from the source documents given below would be recorded. (4marks)

Source Documents	**Book of Original Entry**
(a) Incoming invoice	

(b) Outgoing credit note	
(c) Outgoing cash sale slip	
(d) Incoming debit note	

11. Highlight four features of co-operative societies. (4marks)
12. Outline four measures that the Kenya government may take to curb the problem of unemployment. (4marks)
13. State four factors that may cause the supply curve to shift to the right. (4marks)
14. By use of the balance sheet equation, determine the missing figures in the table below. (4marks)

Business	Assets (shs)	Capital (shs)	Liabilities (shs)
A	40,000		15,734
B		158,300	61,500
C	17,670	5,680	
D	67,000		24,705

15. List four types of small scale retail business that one can run without a shop (4marks)
16. Highlight four measures the government of Kenya can take to decrease the amount of money in circulation. (4marks)
17. Outline four circumstances under which a trader may use air transport. (4marks)
18. Highlight four factors that would make two people taking the same type of life assurance policy with the same insurer to pay different amounts of premium. (4marks)
19. State four benefits of a bonded warehouse to the government. (4marks)
20. Outline four functions of a general journal as a book of prime entry. (4marks)
21. Regina, a university graduate wants to start a business. State four areas she can source business ideas from. (4marks)
22. The following balance sheet belongs to Nyakwar Atiyo during the period ended 30th June 2020.

Nyakwar Atiyo Traders
Balance sheet
As at 30.06.2020

Assets		Capital + liabilities	
Machinery	45,000	Capital	65,000
Current assets		Bank loan	10,000
Stock	7,750	Creditors	45,000
Debtors	1,375		
Bank	25,375		
	79,500		79,500

The following transactions took place on July 1 2020.
(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 2020. (4 Marks)

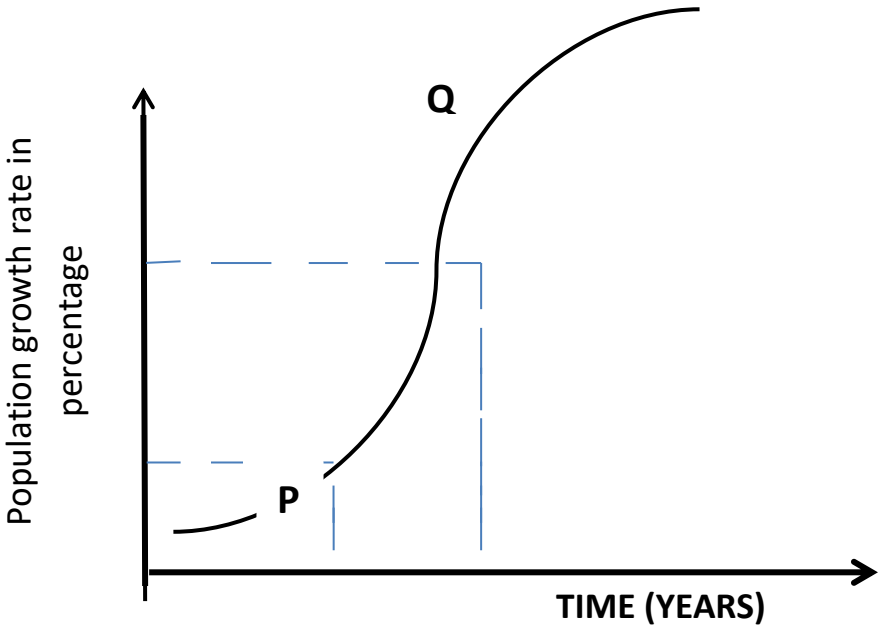
23. Outline four factors that may be considered when measuring the size of a firm. (4marks)

24. Highlight four challenges that a person may encounter when using a cellphone. (4marks)
25. State four qualities of a successful salesperson. (4marks)

PAPER 2

1.a) Explain Five characteristics of human wants. (10 Marks)

b) The graph below shows the rate of population growth of a given Country.



Explain Five factors that may have contributed to the trend between P and Q. (10 Marks)

2 a) Outline **Five** differences between commercial banks and non-banking financial institutions(NBFI's). (10 Marks)

b) Explain five factors considered when choosing a means of transport. (10 Marks)

3 a). Amina has been doing her shopping at a popular hypermarket in Kenya. Explain Four benefits that she may be enjoying. (8 Marks)

b) On 1st May 2019, Steicy Traders had cash Ksh 25,000 and a bank overdraft of Ksh 15,000. The following transactions took place during the month of May 2019.

May

2nd : Paid wages in cash Ksh 15,000

3rd : Sold goods to Luka on credit worth Ksh 10,000

5th : Bought goods worth Ksh 750 in cash.

6th : Received a cheque of 1,960 from Kobia having allowed him a 2% cash discount

8th : Luka a debtor cleared his debt by cheque.
11th : Bought machinery by cheque for ksh 5,000
13th : Cash sales directly banked Ksh 14,000
15th : Withdrew from bank Ksh 1,000 for private use.
20th : A cheque received from Luka was dishonoured.
21st : Banked cash amounting to Ksh 1,000 from cash Till.
26th : Paid Kioko his account of Ksh 2,000 less a 5% discount in cash.
28th : Received in cash Ksh 3,000 from Njambi.
30th : Banked all the available cash except Ksh 1,000
Prepare Steicy Traders Three column cash book for the month of May 2019. (12 Marks)
4 a) Describe Five types of partners as found in a partnership form of business units.
(10marks)
b) With an aid of a well labelled diagram, explain the effect of a shift of demand curve to the left on the equilibrium price and quantity. (10marks)
5a). Highlight **Five** advantages of advertising to the consumers. (10marks)
b) Company XYZ is the only producer and supplier of commodity Q. Explain **Five** circumstances that may have led to this situation in the market. (10 marks)
6 a) State and explain Five characteristics of a good filling system. (8marks)
b) Zaweria Traders trial balance as at 30th June 2008.

Zaweria Traders
Trial balance
As at 30th June,2008

A/C NAME	**DR** **Ksh**	**CR** **Ksh**
Land	750,000	
Cash at bank	45,000	
Opening stock	22,500	
Machinery	5,000	
Debtors	10,000	15,000
Discounts	3,000	1,000
Purchase and Sales	70,000	160,000
Wages	25,000	
Furniture	13,500	
Capital		771,850
Carriage outwards	1,150	
Carriage inwards	2,700	
Returns	7,500	9,500
Lighting	6,000	
Commission		4,000
	961,350	**961,350**

Closing stock was valued at Ksh 11,000
Prepare a Trading, Profit and loss Account. (12marks)

KCSE PREDICTION 2 2022
PAPER 1

1. State four advantages of a partitioned office layout to the office staff. (4mks)
2. For each of the farm resources given below, identify the appropriate factor reward (4mks)

	RESOURCE	FACTOR REWARD
i.	Farm yard	……..
ii.	Farm guards	……..
iii.	Farm owner	……
iv.	Livestock	……

3. List the principle of insurance that was violated in each of the following instances given below (4mks)

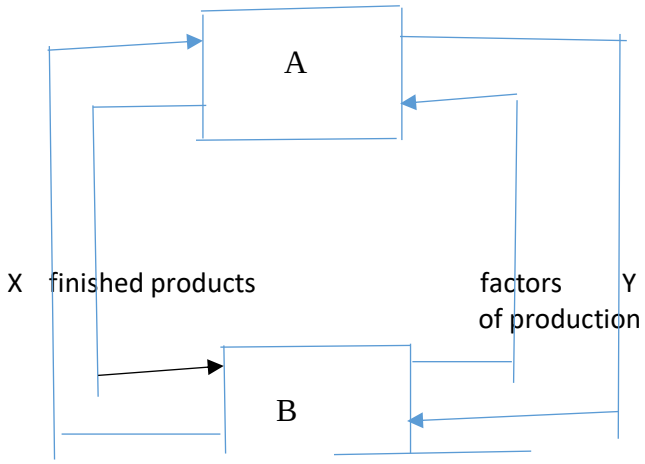
	INSTANCE	PRINCIPLE
i.	A car owner was paid ksh. 400,000 when his car worth ksh. 390,000 was stolen	……..
ii.	Okado insured his neighbors retail shop against robbery	……..
iii.	A school was compensated when its bus got burnt by rioting students yet it had been insured against a road accident	……..
iv.	A hotel owner took away remains of items destroyed by fire being fully paid for the damages	……...

4. Give four reasons why business firms participate in conserving the environment
5. State four measures that a county government may take to improve the quality of its services to the residents of the county (4mks)
6. Outline four reasons that make human wants difficult to satisfy (4mks)
7. Give four types of small scale retail businesses that can operated without shops.
8. The information below was extracted from the books of Khadudu Hardware's for the year 2019

	Ksh.
Capital (31/12/2019)	980,000
Investment	300,000
Monthly drawings	10,000
Capital (01/01/2019)	600,000

Required; determine the net profit for the year (3mks)

9. The diagram below shows the circular flow of income in a two sector economy



a. Name the economic agent marked A and B

b. Identify the expenditure represented by the arrows X and Y

10. Highlight four advantages of a private warehouse to a manufacture (4mks)

11. Give four disadvantages of using mobile phones for communication in an organization (4mks)

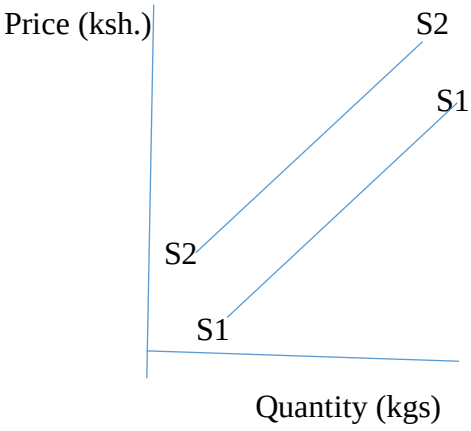
12. Outline three differences between monopoly and oligopoly as product markets. (3mks)

MONOPOLY	**OLIGOPOLY**

13. State four measures that the Central Bank can take to reduce inflation in the country (4mks)

14. Give four reasons why governments impose taxes on incomes (4mks)

15. The diagram below shows a change in the supply of a farm products in a market



Outline four circumstances under which the supply curve would shift from S_1S_1 to S_2S_2 (4mks)

16. For each of the business transactions given below name the ledger account to be debited and to be credited (4mks)

TRANSACTION	DR.	CR.
i. Proprietor took goods worth Ksh. 2000 for family use		
ii. Goods valued at Ksh. 4500 were sold on credit		
iii. A cheque of Ksh. 8000 was issued by the business in payment of rent		
iv. The business withdrew Ksh. 15,000 from the bank account for office use		

17. State FOUR disadvantages of pipeline transport (4mks)

18. The information below relates to Musoma Bookshop for the year ended 30.09.2020

Sales	Ksh. 1,500,000
Opening stock	Ksh. 250,000
Purchases	Ksh. 1,300,000
Mark up	25%

Determine:

i. Gross profit (2mks)

ii. Cost of sales (2mks)

19. Mrs. Obote sells a variety of fruits, vegetables and cereals in a market stall located in an urban market. Identify four methods that she may use to increase her volume of sales

20. List the type of unemployment that suits each of the descriptions below (4mks

Description	Type of unemployment
i. A large number of laborers crowded on a small piece of work.	

ii.	School leavers without information on where to get a job.	
iii.	Many people kept out of employment because of physical disabilities.	
iv.	A female job seeker opting to get married instead of being idle.	

21. Highlight four population characteristics of a country that is economically underdeveloped (4mks)
22. Give four reasons why some producer firms carry out production close to the product market (4mks)
23. Outline four circumstances under which a manufacturer would not require the services of middlemen (4mks)
24. List four ways used to classify partners in a business 4mks)
25. The two column cash book below is incomplete

Date	Details	F	Cash	Bank		Date	Details	F	Cash	Bank
2020			(Ksh.)	(ksh.)		2020			(ksh)	(ksh)
Jan1	Capital		350,000	150,000		Jan3	Rent			T
10	Sales		Q			4	Purchases		200,00	
18	Cash	C1		250,000		18	Bank	C1	P	
28	Debtors		70,000			25	Electricity			15,000
						31	balance	c/d	R	345,000
			600,000	400,000					600,000	S

Determine the missing values represented by letters P, Q, R, S and T(4mks)

PAPER 2

1. a) Explain five factors to consider when choosing office equipment. (10marks)
   b) Explain the causes and remedies of the following types of unemployment. (10 marks)
      i) Seasonal unemployment
      ii) Structural unemployment
      iii) Disguised unemployment
      iv) Residual unemployment
      v) Involuntary unemployment
2. a) Explain **five** importance of insurance to an economy. (10marks)
   b) On 1st march 2019, Ukwala traders had ksh 95,000 in hand and a bank overdraft of ksh 15,000. During the month, the following transactions took place.
   March 2: Bought goods for resale in cash ksh 68,000.
   March 3: Cash sales banked, ksh 22,000
   March 9: Paid Anyang' a creditor ksh, 12,880 by cheque in full settlement of his account after deducting 8% cash discount.
   March 11: Paid salaries ksh 14,000 in cash.
   March 16: Received a cheque of ksh 40,200 from Sakaya after allowing him a cash discount of ksh 1,800.
   March 20: Shamim, a debtor paid her account of ksh 55,000 by cheque less 10% cash discount.
   March 24: Withdraw 26,000 from bank for office use.
   March 27: Took ksh 9,000 cash to pay his brother's medical bill.
   March 28: Deposited all the cash into bank except ksh 14,400.
   Required: prepare a three-column cashbook and balance it off. (10 marks)
3. a) Explain **five** features of oligopoly. (10 marks)
   b) Explain the difference between partnerships and cooperative societies forms of business units. (10marks)
4. a) Explain **five** reasons for continued existence of small firms in an economy. (10marks)
   b) Outline **five** channels that can be appropriate for the distribution of exporting tea to France. (10marks)
5. a) Explain **five** reasons for government involvement in business. (10 marks)
   b) Explain **five** documents sent by the buyer to the seller in Home trade. (10marks)
6. a) Explain **four** unethical practices in product promotion. (8marks)
   b) The following trial balance relates to the business of OMASAJA Traders for the period ended 31st March 2019.

OMASAJA TRADERS
TRIAL BALANCE
AS AT 31ST MARCH 2019

	Dr Shs.	Cr Shs.
General expenses	120,000	
Rent expenses	46,000	
Telephone expenses	20,000	
Carriage inwards	28,000	
Salaries	360,000	

Sales		4,000,000
Purchases	2,400,000	
Discount received		36,000
Sales returns	40,000	
Motor vehicle	500,000	
Debtors	300,000	
Stock (1st April 2018)	200,000	
Land and buildings	2,000,000	
Cash at bank	120,000	
Cash in hand	12,000	
Capital		1,850,000
Drawings	80,000	
Creditors		240,000
	6,226,000	6,226,000

Additional information

Stock as at 31st March 2019 was valued at ksh. 100,000

Prepare:

i) A Trading profit and loss (7marks)

ii) A Balance sheet (5marks)

KCSE PREDICTION 3 2022
PAPER1

1.Mr. Odhiambo has started a Kiosk in Nambale Town. Outline **FOUR** functions that he will perform as the owner of the business. (4mks)

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

NO.	TRANSACTION	TYPE OF JOUNAL
a)	Bought a computer on credit	
b)	Returned goods previously bought on credits	
c)	Sold goods on credit	
d)	Bought shares in a company	

3.Taaka a retailer had a capital balance of sh. 320,000 as at 30th June, 2008. During the year ended 30th June 2009, the business made a net profit of sh.80, 000. Mokaya the proprietor made drawings of 4,000 each month for his personal use. Compute the business capital as at 30th June2009. (4mks)

4.Give **FOUR** differences between a public limited company and private limited company. (4mks)

5.State **FOUR** reasons why iterant traders are becoming increasing popular in Kenya. (4mks)

6.Given below is a cash book extracted from the books of accounts of Patel Enterprises. (4mks)

2009			**sh**	**sh**	**sh**	**2009**					
1/12	Balance b/d			1500	90,000	14/12	Bank	C	30,000		
2/12	Rono		2000	38,000		20/12	Equipment				80,000
14/12	Cash	C			30,000	30/12	Drawings		7,000		

In relation to the entries appearing in the cash book extract, state the transaction that took place on each of the following dates. (4mks)

a) 2nd December 2009……
b) 14th December 2009……..
c) 20th December 2009……..
d) 30th December 2009……..

7.State **FOUR** reasons for increase in popularity of micro-finance institutions. (4mks)

8.A successful manufacturing firm has been constantly releasing toxic waste into a nearby river. Outline **FOUR** measures that consumers can take to stop the firm from such malpractices. (4mks)

9.Highlight **FOUR** disadvantages of using machines in an office. (4mks)

10. State **FOUR** factors that a person would consider when hiring a warehouse. (4mks)

11. State FOUR ways f determining the prices of commodities in the market. (4mks)

12. State whether each of the following transactions will increase, decrease or have no effect on balance sheet totals. (4mks)

NO.	TRANSACTION	EFFECT
a)	Paid a creditor in cash	
b)	Bought a motor van on credit	
c)	A debtor paid by cheque	
d)	Owner	

13. Outline **FOUR** classifications of goods and services produced in an economy. (4mks)

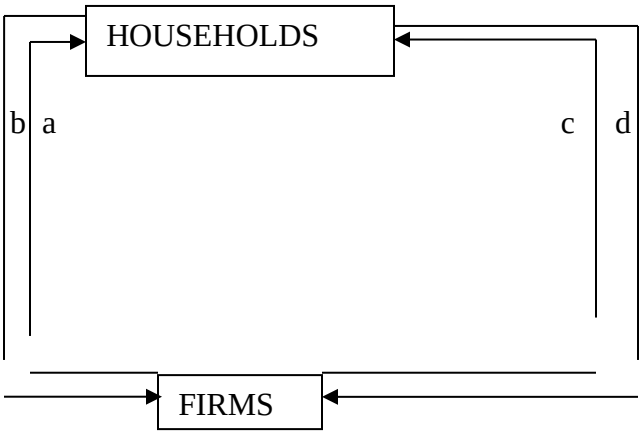
14. Highlight **four** benefits that accrue to a country that has a very high population. (4mks)

15. Give **FOUR** fiscal measures that a government may use to control inflation. (4mks)

16. Give **FOUR** situations when oral communication may be used in an office. (4mks)

17. State **FOUR** uses of a business plan. (4mks)

18. Outline FOUR circumstances under which a manufacture would prefer to sell his products directly to consumers instead of selling through intermediaries. (4mks)
19. Highlight **FOUR** principles which guide the government in its expenditure. (4mks)
20. Highlight **FOUR** factors that hinder expansion of railway transport in Kenya. (4mks)
21. Give **FOUR** roles of ethical practices in Business. (4mks)
22. Two following diagrams represent the circular flow of income between firms and household in an economy. Identify the flows labeled A, B, C and D and list them in the space provided. (4mks)



23. Mention **FOUR** circumstances under which an insurance company may re-insure. (4mks)
24. The following information relates to Kizito traders for the year ended 31st December 2009.

Gross Profit	140,000
Salaries	20,000
Electricity charges	8,000
Discount allowed	6,000
Discount received	26,000

Prepare a profit and loss account for Kizito Traders for the year ended 31st December 2009. (4mks)

25. State **FOUR** features of indirect production. (4mks)

PAPER 2

1. (a) Outline **five** advantages that a partnership has over a sole proprietorship. (10mks)
   (b) Explain how **five** external environment factors negatively affect a business.(10mks)
2. (a) Highlight **five** disadvantages of direct tax. (10mks)
   (b) Kenya does not manufacture mobile phones. Describe **five** channels of distribution that are used to ensure those products reach the Kenyan consumers. (10mks)
3. (a) Discuss any **Five** current trends in communication (10mks)
   (b) The following balances were extracted from the books of accounts of Fatuma as at 31st December 2020.

Sales	100,000
Sales returns	5,000
Purchase returns	2,000
Purchases	190,000
Carriage outwards	2,400
Stock (1/1/2019)	22,000
Rent	8,000
Insurance	6,000
Salaries	3,600

Discount received	2,800

Additional information

As at 31st December 2009, stock was valued at shs. 42,000

Required

Prepare trading, profit and loss a/c for the year ended 31st December 2020 (10mks)

4. (a) Explain any **Five** international trade restriction methods (10mks)
   (b) With the help of a well labeled diagram, state the effect of the shift of the supply curve to the left when demand is held constant. (10mks)
5. (a) Highlight **Five** factors that influence the level of national income in an economy. (10mks)
   (b) As at 1st June 2019, the books of Ang'eeh showed the following balances:
   Cash Kshs. 20,000 and bank overdraft amounting to Kshs. 8, 600

   June 3: Nafula, a debtor, settled her account of Kshs. 16,000 by a cheque of kshs.15,000.
   6: Paid rent by cash ksh. 8,000
   10: Deposited kshs. 6,000 into the business bank accountfrom the cash till.
   15: Settled Wanjala's Account of shs. 20,000 and was allowed a discount of 1%
   18: Deposited kshs. 28,000 in the bank from private resources
   21: Cash sales kshs. 10,000
   24: Ojugu, a debtor settled his account of 8,000 by cheque having deducted a 20% discount.
   26: Purchased furniture of kshs.5,000 paying by cheque
   28: Received kshs. 36,000 cash from Nabwire
   29: The cheque deposited by Nafula on 3rd was dishonored
   30: Banked all the available cash except kshs.1,600

Required: Prepare a duly balanced three column cash book for Ang'ech for the month of June 2019. (10mks)

6. (a) Explain the meaning and the circumstances under which each of the following means of payment may be used ;
   (i) Cash
   (ii) Credit transfer
   (iii) Bank draft
   (iv) Standing order
   (v) Postage stamps
   (b) Give five differences between small scale firms and large scale firms (10mks)

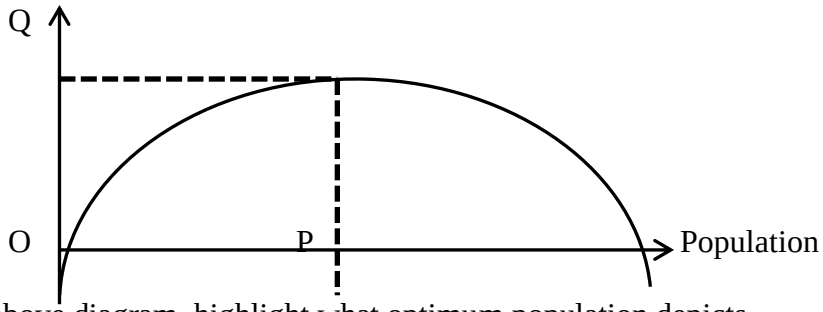
KCSE PREDICTION 4 2022
PAPER 1

1. In a partnership business, partners are classified in to four categories, name these four categories **(4marks)**

2. Land transport is a common mode of transport in Kenya. List down any four means of transport under land transport **(4marks)**

3. Highlight any **four** diseconomies of scales that a firm experiences as a result of growth of the entire industry. **(4marks)**

4. The diagram below illustrates the concept of optimum population



From the above diagram, highlight what optimum population depicts **(4marks)**

5. Study the following balance sheet of Kiboko traders which has been wrongly drawn and prepare a correct on **(5marks)**

Kiboko Traders
Balance sheets
As at 31st December 2004

Assets	**Shs**	**Liabilities**	**Shs**
Stock	80,000	Bank overdraft	80,000
Creditors	50,000	Debtors	35,000
Long term loan	65,000	Land	120,000
Capital	130,000	Furniture	75,000
	325,000	Cash	15,000
			325,000

6. List down **four** causes of demand pull inflation **(4marks)**

7. Give the full names of the following terms of sale used in international trade **(3marks)**
a) F.O.R
b) DD
c) C.I.F

8. Highlight **four** features of economic union as a form of economic integration **(4marks)**

9. Give **four** indictors of economic development **(4marks)**

10. Highlight **four** characteristics of assets **(4marks)**

11. State **five** circumstances when downwards communication can be used **(5marks)**

12. Indicate whether the following items are falling in real, nominal or private accounts **(3marks)**

Account

a) Sales
b) Carriage inwards
c) Fixtures and fittings
d) Stock
e) Cash
f) Capital

13. State the type of document described below **(4 marks)**

Type of document

a) Show from which country goods are coming from ……..
b) Written by an exporter authorizing his bank to sell goods on his belief ……
c) Allow importer to get goods on credit and cannot be changed the importer without exporters permission
d) Document shows that prices charged on the goods are fair as certified by the importing country's officials

14. State whether the following transactions will have an increase, decrease or no effect on the balance sheet total **(4marks)**

Transaction	Effect
Withdrew stock for personal use	
Paid a creditor by cheque	
A debtor paid by cheque	
Bought furniture on credit	

15. Highlight **four** methods that can be used by the government to control imported inflation **(4marks)**
16. State any **four** unethical practices in product promotion **(4marks)**
17. Highlight factors that have contributed to the growth of self-employment in Kenya **(4marks)**
18. Highlight any **four** advantages of shopping malls to consumers **(4marks)**
19. In relation to transport in Kenya, write the full names of the following terms **(4marks)**

a) NTSA
b) LAPSSET
c) ICD
d) SGR

20. State **five** essential elements of effective communication **(5marks)**
21. List down **four** main types of warehouses **(4marks)**
22. Highlight **four** factors that may necessitate re-insurance **(4marks)**
23. Other than price mechanism, name four methods of determining the price of a product. **(4marks)**
24. List down any **four** means of payment available in home trade **(4marks)**
25. Name any **four** transactions that are passed through the general journal **(4marks)**

PAPER 2

1. a) Using a well labeled diagram, explain movement along a demand curve. **(10 Marks)**
   b) Discuss five functions of money. **(10 Marks).**
2. a) Give four differences between a whole life policy and endowment policy. **(8 Marks)**
   b) Discuss five limitations of a trial balance. **(10 Marks).**
3. Chemutai started business on 1st January 2005 with capital of sh 100,000 in cash. The following transactions took place during January 2005.
   a) Bought land for sh 50,000 cash.
   b) Bought building for sh 20,000, Paid 3,000 cash and the balance to be paid after two months
   c) Opened a bank account by depositing sh 10,000 from cash.
   d) Bought stock of goods worth sh 5,000 on credit from Mwenge Traders.

Required:

a) Prepare a balance sheet as at 31st January 2005 after all the transactions took place **(10 Marks)**
b) Explain five functions of insurance companies **(10 Marks)**

4. a) Discuss any five sources of public finance **(10 Marks)**
   b) Explain five mailing services that facilitate communication **(10 Marks)**
5. a) Discuss five disadvantages of trade restrictions **(10 Marks)**

b) Explain five features of successful entrepreneur **(10 Marks)**

6. a) Explain four benefits of direct production **(8 Marks)**

b) Rono started a hardware business on 1st January 2002. The following is a summary of his transactions during the month.

Invoices received

2002

January 2. Jirani Ltd shs 80,000

18. Chuma Ltd shs 140,000

26. Mwanaisha traders sh 160, 000

Invoices Issued

2002

January 10 Mungi traders shs 60,000

28 Jua Kali traders shs 4,000

Credit notes received

2002

January 12. Jirani ltd shs 3,000

24. Chuma ltd shs 8,000

30. Mwanaisha traders shs 12,000

Required

Prepare appropriate subsidiary books **(12 Marks)**

KCSE PREDICTION 5 2022
PAPER 1

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

Jimcar Traders Box 5 Nakuru To. Mueni Box 20 Kericho		No. 012 Date: 20th June 2010
We have credited your account as follows. To copies of receipt books returned by you to us. Sign_____ Total	Amount Sh 15,000 15,000	Cts 00 00

Outline **four** circumstances under which the above document may be issued. **(4marks)**

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 Marks)**

17. Outline four circumstances under which sign language would be appropriate. **(4 Marks)**
18. Highlight four possible consequences that may arise due to poor arrangement of goods in a warehouse. **(4 Marks)**
19. Outline **four** ways in which a government may regulate business in a country. **(4 Marks).**
20. Highlight four reasons that may necessitate insurance companies to re-insurance. **(4 Marks)**
21. Outline **four** advantages of window display as a method of product promotion. **(4 Marks)**
22. Outline **four** negative effects of an ageing population in an economy. **(4 Marks)**
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 Marks)**
25. State four sources of monopoly power. **(4 Marks)**

PAPER 2

1. (a) Discuss ***five*** demerits of government involvement in business activities. **(10 marks)**
   (b) Outline **five** features of co-operatives Societies. **(10 marks)**
2. (a) Explain **five** types of unemployment found in Kenya today **(10 marks)**
   (b) On 1st October 2013, Nyati Traders Had shs.10 000 and shs.40 000 at the bank. During the Month, the following transactions took place.

Oct 2 Bought goods worth shs3,100 by cheque
3 Paid motor expenses shs.6000 in cash
6 Sold goods worth 8200 cash
10 paid a creditor shs.9500 by cheque after deducting a 5% cash discount
12 Received a commission of shs.580 directly into the bank account.
14 Shelby, a debtor, settled her account of shs.30,000 by cheque less a 2.5% cash discount
15 The bank deducted shs. 850 from the business account for services rendered
19 The owner took shs.1500 by cheque for personal use
23 Paid Maboko traders shs.39,200 by cheque in full settlement of their account less 3% cash discount

24 Withdrew shs.15,000 from bank for business use

26 Received shs.8,200 cash from a debtor in full settlement of a debt of shs.8,500

30 Took all the cash to the bank leaving only shs.1800 in the cash till

Required:

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

3. (a) Discuss ***five*** measures the government can undertake to promote entrepreneurship practices in Kenya. **(10 marks)**

(b) Discuss **six** reasons why many Kenyans are increasingly shopping in supermarkets. **(12marks)**

4. (a) Outline ***five*** factors that may cause a producer to reduce his output to the market **(10 marks)**

(b) Explain ***five*** circumstances under which a credit note can be issued. **(10 marks)**

5. (a)Discuss ***five*** insurance policies a person can take to cover employee related risks. **(10 marks)**

(b) Explain ***five***e essentials of effective communication **(10 marks)**

6. Explain five ways that the Government as an external environment factor can influence Business Activities **(10 marks)**

(b) The following is the trial balance of O.J as at 31-12-2011

	DR	CR
Purchases and Sales	700,000	1,600,000
Returns	30,000	40,000
Discounts	50,000	35,000
Capital		862,000
Commission	39,000	25,000
Carriage inwards	28,000	
Carriage outwards	135,000	
Debtors and creditors	400,000	300,000
salaries	220,000	
Bank	266,000	
Cash	94,000	
Buildings	600,000	
Equipment	200,000	
Stock Jan. 1	100,000	
	2,862,000	2,862,000

Additional information

Stock Dec. 31 was valued at shs.94, 000

Required

(i) Prepare Trading and Profit and Loss Account

(ii) Balance sheet as at 31-12-201

KCSE PREDICTION 6 2022
PAPER 1

1. Identify four features of economic resources. (4 marks)
2. Outline four causes of cost push inflation. (4 marks)
3. Outline four circumstances under which hire purchase may be used to acquire goods. (4 marks)
4. The descriptions stated below refer to various methods of product promotion. For each description give the method that best matches it. (4 marks)

Description	Method of product promotion.
Any mention of a person, firm or product in the mass media.	
Presentation of a commodity to prospective buyer, face to face by a sales man with an aim of making sales.	
Process of information with a view of creating, promoting or maintain goodwill and favourable image of the organization to the public.	
Any paid form of impersonal presentation of a product made through mass communication media.	

5. State four goals of development in a country. (4 marks)
6. Highlight four ways in which monopoly differs with perfect competition. (4 marks)
7. Outline four functions of a wholesaler. (4 marks)
8. The following balances of assets and liabilities were provided by safari merchants as at 31/12/2015

Item	**Shs.**
Bank overdraft	80,000
Land	200,000
Accrued electricity bill	50,000
Stock	10,000
Debtors	20,000

The business had drawings amounting to Shs.20,000 during the year.
Prepare a balance sheet to determine the net worth of the year. (4 marks)

9. Indicate whether the following taxes are direct or indirect. (4 marks)

Tax	Type of tax
Corporation tax	
Value added tax (VAT)	
Capital gains tax	
Excise	

10. Highlight four methods the government uses to protect consumers. (4 marks)
11. State four benefits that people from your area may benefit from business enterprise. (4 marks)

12. Highlight four disadvantages to the manufacturer if wholesalers are eliminated from the chain of distribution. (4 marks)

13. Highlight four demerits of newspapers as a means of advertising. (4 marks)

14. Juma Munyasia sells all his goods at 25% above costs. His books gave the following information as at 31st December 2015.

Stock 1st January 2015	Shs.98,720
Stock 31st December 2015	Shs.126,000
Sales for the year	Shs.600,000

Calculate the profit made by Munyasia. (4 marks)

15. Globalization is a term often used to denote business ownership and trend. Outline four merits of globalization of business units. (4 marks)

16. Outline four reasons why a new business may fail. (4 marks)

17. Outline four ways in which commercial banks facilitate transferring of money from one place to another. (4 marks)

18. Write down the international trade documents that relate to each of the following statements. (4 marks)

Statement	Documents
Prepared by an exporter giving details about the origin of goods.	
A document of title to the goods traded in international trade.	
Show prices charged as certified by the importing country's officials.	
Enables the importers to initiate clearing of customs duty earlier enough to avoid delays.	

19. Highlight four factors that determine the size of a firm. (4 marks)

20. Outline four benefits of pooling of risks. (4 marks)

21. Outline four circumstances under which the per capita income statistics would be a good indicator of the welfare of the country. (4 marks)

22. For each of the following transactions indicate in the appropriate column the source documents and the books of original entry in which the transactions should be recorded. (4 marks)

Transaction	Source document	Books of original entry
Goods returned by a consumer.		
Purchase of goods on credit.		

23. State four errors that do not affect the agreement of a trial balance. (4 marks)

24. Outline four circumstances under which verbal communication would be preferred to written communication. (4 marks)

25. The following assets and liabilities belong to Jacky's stores as at 31st March 2005. Buildings Shs.200,000, debtors Shs.8,000, creditors Shs.32,000, stock Shs.24,000, cash at bank Shs.120,000, cash in hand Shs.40,000, loan from HFCK Shs.100,000 and capital Shs.260,000.

During the month of April 2005, the following transactions took place.

April 1 Sold goods worth Shs.2,100 cash.

2 Paid creditors Shs.8,000 cash.

10 Received Shs.2,000 from debtors in cash.

15 Bought a motor van Shs.350,000 paying by cheque.

Required:

Prepare a balance sheet as at 15th April 2005. (4 marks)

PAPER 2

1.

(a) Explain five benefits that may accrue to a country with a large proportion of skilled labour force. (10 marks)

(b) Explain five disadvantages a country would face if she restricted trade with other countries. (10 marks)

2.

(a) Draw five features that differentiate a cooperative society from a partnership form of a business. (10 marks)

(b) Explain five factors that have contributed to declining population growth rate in some developing countries. (10 marks)

3.

(a) Explain five factors that a business organization would consider when choosing office equipment. (10 marks)

(b) On 1st July 2018, Muranga had Shs.136,500 at bank and cash in hand Shs.3,250. During the month the following transactions took place.

July 2 Cash sales Shs.42,630 paid directly to the bank.

July 3 Received a cheque for Shs.14,100 from Koech in full settlement of a debt.

July 8 Bought goods for Shs.26,240 and paid by cheque.

July 12 Cash sales Shs.42,450.

July 14 Paid Ochako by cheque Shs.23,750 in full settlement of his account less 5% cash discount.

July 15 Paid wages Shs.24,000 in cash.

July 16 Withdrew Shs.36,000 from the bank for office use.

July 18 Bought stationery in cash Shs.750.

July 20 Cheque received from Koech was dishonoured.

July 28 Paid salaries by cheque Shs.48,600.

July 30 All cash was banked except Shs.5,000.

Required:

Prepare a three column cash book. (10 marks)

4.

(a) Explain five circumstances under which containerization may be used in transporting goods. (10 marks)

(b) Graphically show, the effect of increased supply on equilibrium price and quantity. (10 marks)

5.

(a) Wizard is an importer of assorted goods from different countries. Explain five advantages he may enjoy while his goods are stored in a bonded warehouse. (10 marks)

(b) Explain five principles that would lead to effective use of government resources. (10 marks)

6.

(a) Explain five benefits that may be achieved if the government relocates industries to rural areas. (10 marks)

(b) The following information relates to Baraka traders.

BARAKA TRADERS
TRIAL BALANCE
AS AT 31/12/2012

Details	**Dr. (Shs.)**	**Cr. (Shs.)**
Capital		100,000
Motor vehicle	10,000	
Machinery	16,000	
Stock (1/1/2012)	12,000	
Debtors	33,500	
Cash	18,000	
Bank	12,800	
Creditors		45,000
Sales		180,000
Purchases	120,000	
Carriage inwards	2,000	
Returns	1,200	1,000
Carriage on sales	4,000	
Discount	3,000	4,000
Salaries	2,000	
Rent		21,500
Insurance	10,000	
Electricity	17,000	
	351,500	351,500

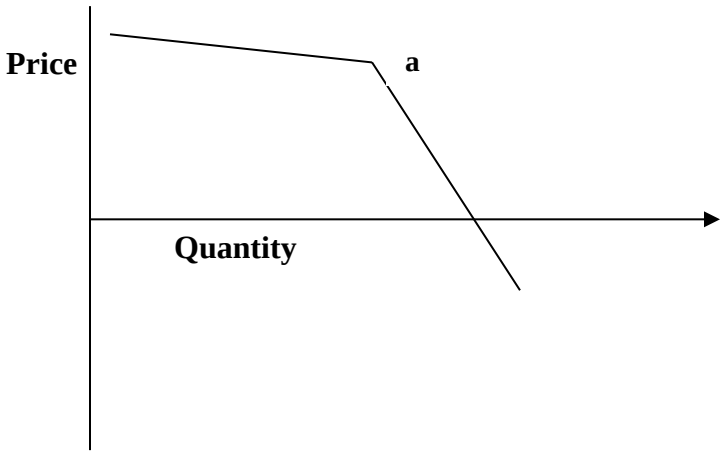
Closing stock Shs.8,000.

Required:

Prepare Trading and Profit and Loss A/C. (10 marks)

KCSE PREDICTION 7 2022
PAPER 1

1. Outline **three** reasons why cash payment would be preferred to cheque payment. (3 marks)
2. State **four** reasons why a farmer would prefer to transport a herd of cattle by rail rather than by road. (4 marks)
3. State **four** advantages of using internet as a means of communication. (4 marks)
4. State **four** measures which the Kenyan government can take to solve the unemployment problem. 4mks
5. Highlight **four** roles played by an entrepreneur in the production process. (4 marks)
6. The diagram below shows a demand curve for a firm operating in a given type of market structure. (4 marks)



a) State the name which is given to such a demand curve. (1 marks
b) Indicate on the diagram the possible price and quantity. (2 marks)
c) State the significant of the point labelled **a.** (1 mark)
7. State **four** advantages of using intermediaries in the distribution of goods. (4 marks)
8. Give **four** reasons facing cooperative societies. (4 marks)
9. State **four** advantages of franking machine. (4 marks
10. The following information was extracted from the books of Venus traders.
    Rate of turnover. 3 times
    Mark-up. 20%
    Opening stock. Sh 160,000
    Closing stock. Sh 200,000
    Required
    i) Gross profit. (2 marks)
    ii) Sales. (2 marks)
11. Outline **four** factors that may hinder occupational mobility of labour. (4 marks)
12. The following relate to Furaha Traders for the year 2020
    i) Closing capital (31.12.2020) sh 300,000
    ii) The owner converted his personal computer valued at sh 35,000 into business use.
    iii) The owner had withdrawn goods worth sh 40,000 for personal use.
    iv) Incurred losses amounting to sh 65,000
    Determine Furaha Traders intial capital on(1.01.2006). (4 marks)
13. For each of the following books of original entry, indicate the source document(4 marks)

Journal	**Source document**
Purchase journal	
Sales day book	

Petty cash book	
General journal	

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

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

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

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

16. State four factors that determine the amount of money held for transaction motive.
17. State **four** objectives of product promotion. (4 marks)
18. Highlight **four** difficulties faced in satisfaction of human wants. (4 marks)
19. Highlight **four** factors under economic environment that positively affects the business. (4 marks)
20. Outline **any four** measures that a firm should take to improve the performance of its labour force.
21. List **four** reasons why distributors of goods would prefer to locate warehouse near it customers.
22. Highlight **four** benefits of globalisation to business enterprise. (4 marks)
23. Kazi moto insured a motor vehicle against fire with MotoMoto company by paying Kshs.300.000. later the car was destroyed at a garage and a compensation of Kshs. 4,000 were paid. Using insurance terms, state what each of the following stand for; (4 marks)
    a) Kazi Moto
    b) Fire
    c) Kshs 300,000
    d) Moto Moto Company

24. State **four** responsibilities of a business to its customers. (4 marks)
25. Show the effect of each of the following transaction to capital, assets and liabilities indicating if its increasing(+), decreasing(-) or nil (0). (4 marks)

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

PAPER 2

1. (a) Explain **five** factors that may lead to the success of a business enterprise. (10 marks)
   (b) Spain and France are developed countries in Europe. Discuss **five** problems of using national income statistics to compare the living standards of their citizens. (10 marks)
2. (a) Explain **five** principles that would lead to effective operation of Jubilee insurance company. (10 marks)
   (b) Explain **five** attributes of a good money material. (10 marks)
3. (a) Explain **five** differences of a public Limited company and a partnership. (10 marks)
   (b) Explain **five** characteristics of economic resources. (10 marks)
4. (a) Describe **five** documents required to register a public limited company. (10 marks)
   (b) On 1st June 2018, the following balances were in the books of Semenya Traders.
   Cash sh 15,000 Bank CR 40,000

The following transactions occurred during the month.

Date 4 Omenga a debtor settled his account of sh 10,000 by a cheque of sh 8,000.
7 Deposited sh 4,000 into the business Bank account from the cash till
8 Paid rent by cash sh 4,000
14 Cash sales sh 14,000
17 Purchased furniture worth sh 3,000 paying by cheque
18 Settled Maina's account of sh 10,000 after being allowed a discount of 5% by cash
20 Received sh 6,000 cash from Nyori a debtor.
22 Kemboi a debtor settled his account of sh 4,000 by cheque having been allowed a discount of 2%.
25 Deposited sh 17,000 into the bank from private sources.
30 Banked all the cash.

Required

Prepare a three column cash book duly balanced.

5. (a) Kenya Power is a monopoly in Power distribution in Kenya. Explain five sources from which it could have received its power. (10 marks)

(b) Explain **five** features of a good filing system. (10 marks)

6. (a) Advertising in the Newspapers is one way of promoting sales of goods. Highlight five limitations of advertising goods in Newspapers. (10 marks)

(b) The following trial balance relates to Kangogo traders as at 30th June 2018

Particular	Dr	Cr
Stock 1st July 2017	450,000	
Purchases	800,000	
Sales		1,200,000
Carriage Outwards	10,000	
Carriage Inwards	5,000	
Returns	30,000	20,000
Sundry Expenses	100,000	
Transport	20,000	
Stock 30th June 2018	550,000	
Capital		745,000
	1,965,000	1,965,000

Required:

Calculate;

(i) Rate of stock turnover (3 marks)
(ii) Rate of return on capital (2 marks)
(iii) Markup (2 marks)
(iv) Turnover (1 mark)
(v) Margin (2 marks)

KCSE PREDICTION 8 2022
PAPER 1

1) Highlight the importance of a business to a country. (4mks)
2) State four characteristics of labour as a factor of production. (4mks)
3) Outline four factors to be considered when choosing a method of reproducing documents in an office. (4mks)
4) Highlight four disadvantages of a long chain of distribution. (4mks)
5) Give four reasons why a company would continue advertising its products which are already existing in the market. (4mks)
6) State four differences between departmental store and a chain store. (4mks)
7) Highlight four features of bonded warehouses. (4mks)
8) Outline four advantages of savings and credit co-operative societies (SACCOs) to the borrower. (4mks)
9) Outline four features of an Oligopolistic market structure. (4mks)
10) Identify the terms described by the following statements in business studies. (4mks)

Statement	**Term**
a) Study of all activities carried out in an office	
b) Activities involved in movement of goods from the producer to consumer	
c) Systematic way of recording business transactions, analysis and interpretation of records for decision making	
d) Using of goods and services to satisfy human wants.	

Highlight four measures taken by the Kenyan government to reduce mortality rate. (4mks)
11) Outline four ways in which the utility of a commodity may be increased. (4mks)
12) State four after-sales services that may be offered by the business to the customer. (4mks)
13) The following information relates to Embu supplies Limited for the year ended 31st December, 2018.

Capital (1.1.2019)	210,000
Drawings	52,000
Additional investment	130,000
Profit	90,000

Calculate Embu Supplies Limited capital as at 31st January 2019.
14) Outline **four** methods used to determine price for his goods other than forces of demand and supply. (Price Mechanism) (4mks)
15) List four essential services provided by the county government to the public. (4mks)
16) State four benefits of locating a firm near a well developed transport and communication network (4mks)
17) State any four benefits to a business that uses E-Commerce . (4mks
18) Give four circumstances under which an insurance company may refuse to compensate. (4mks)
19) It has been observed that most developing countries their biggest proportion of population is made up of people below the age of 18years. Outline four challenges such countries are likely to experience. (4mks)
20) In the absence of a partnership deed, partners will have to adopt to the provision of the partnership Act of 1963. State the provisions of the following clauses. (4mks)

Clause	**Provision**

a) Capital contribution	
b) Sharing of a profit	
c) Salary to partners	
d) Interest on drawings	

21) Name the ledgers where the following account should be recorded. (4mks)

Account	**Ledger**
(i) Creditors	……..
(ii)Land	…….
(iii)Insurance	……
(iv)Stock	……..

22) Outline four elements that constitute demographic environments. (4mks)

23) The following balances were extracted from the books of Kindaruma traders on 31st July, 2018.

Items	Shs	
Capital	500,000	
Cash in hand	20,000	
Buildings	200,000	
Furniture	25,000	
Motor vehicle	137,000	
Creditors	18,000	
Debtors		36,000
Bank	100,000	

Required: Prepare a trial balance for Kindaruma traders as at 31st July 2018.

24) State four reasons why the Government gets involved in business (4mks)

PAPER 2

1. a) Highlight **four** disadvantages of advertising to consumers. (8 marks)

b) Explain **six** problems that may be experienced at the implementation stage of a development plan. (12 marks)

2. a) The following balances were obtained from the books of Nzioka Traders on 1st January, 2012.

	Shs
Stock	5,000
Debtors	2,000
Cash in hand	4,000
Premises	80,000
Capital	66,000
Machinery	18,000
Overdraft	6,000
Creditors	12,000
Five year loan	25,000

The following transactions took place in the first week of January 2012.

i) Jan 2nd: Received from debtors sh. 1000 by cheque.

ii) Jan 3rd: Sold goods worth Shs 2000 for Shs 4000 and Deposited the money in the business bank account.

iii) Jan 4th: Paid Sh 1000 in cash part of the five year loan.

iv) Jan 5th: Deposited Sh 2500 in bank account from cash till.

Required:

a) Prepare Nzioka Traders balance sheet as at 5th January, 2012 after the transactions took place. (10 marks)

b) Explain **five** measures that can be taken to curb the problem of unemployment in Kenya. (10 marks)

3. a) Explain any **five** measures a country may adopt to increase its volume of exports.(10 marks)

b) Kenya has experienced a lot of loses through road carnage. Explain **five** measures the government has taken to reduce further loss of lives. (10 marks)

. a) The following information relates to Kalondu Traders for the year 2010.

	Shs
Turnover	270,000
Margin	40%
Rate of stock turnover	6 times
Expenses	40,000

From the above information, determine:

i) Gross profit (3 marks)

ii) Cost of goods sold (2 marks)

iii) Net profit (2 marks)

iv) Average stock (3 marks)

b) Explain **five** monetary tools that the central bank may adopt to curb inflation in Kenya. (10 marks)

5. a) Explain any **five** benefits that a public limited company enjoys. (10 marks)

b) With the aid of a diagram, explain the effect of a decrease in the supply of a commodity while its demand remains constant. (10 marks)

6. a) Explain **five** sources of monopoly power to a firm. (10 marks)

b) Explain **five** methods and legislations which the Kenyan government has put in place to protect consumers. (10 marks)

KCSE PREDICTION 9 2022
PAPER 1

1. Situma insured his house worth sh. 800,000 for sh. 700,000 and unfortunately the house was destroyed by an inferno and he sustained losses worth sh. 600,000. Calculate the amount of money that Situma should claim from the insurance company as compensation and comment. **(4 marks)**
2. Outline **four** importance of a Bonded warehouse to the government. **(4 marks)**
3. Outline **four** reasons why Business Studies should be offered as a discipline in secondary schools. **(4 marks)**
4. State ***four*** sources of monopoly power. **(4 marks)**
5. The following information relates of Jabez Enterprises for the year ended 31.12.2014.

	Shs.
Capital 31/12/2014	248,000
Net loss for the year	61,000
Capital as at 1/1/2014	89,000
Drawings for the year	57,000

Required:
Calculate the additional capital during the year. **(4 marks)**

6. Indicate the effects of the following transactions below on the value of the business assets, liabilities and capital. Use (+) for increase, (–) for decrease and (NC) for no effect. **(4 marks)**

	Transaction	**Effect of transaction**		
		Assets	**Liabilities**	**Capital**
(a)	Opened a Bank A/C and deposited cash			
(b)	Proprietor invested cash into the business			
(c)	Owner received a cheque from a debtor			
(d)	Took a Bank loan to pay creditors			

7. Okhiama a metal supplier carries out a Business in Mombasa County. Outline **four** methods that they **(4 marks)**
8. Explain the following documents used in international trade. **(4 marks)**
   (a) Foreign Exchange Allocation License (F.E.A.L)
   (b) Letter of credit
   (c) Certificate of origin
   (d) Bill of lading
9. State four benefits associated with the construction of the Standard Gauge Railway (SGR) to the Kenyan economy (4 marks)
10. By use of a well labeled diagram, illustrate the kinked demand curve in an Oligopolistic market situation **(4 marks)**
11. Navakholo enterprises had the following ledger account balances as at 31st December, 2020.

shs.

Purchases	3,880
Sales	3,350
Purchases returns	150
Sales returns	160
Debtors	2,550
Bank overdraft	3,100
Wages 800	
Cash	960
Capital	1,750

Required: Prepare Navakholo enterprises' Trial Balance as at 31st December, 2020.. (4 marks)

12. Given the following books of original entry, identify the source documents used for each. (4 marks)

Book of original entry	Source document
(a) Purchases journal	
(b) Cash book	
(c) Sales return book	
(d) Sales journal	

13. Give four non - tax sources of revenue to the government. **(4 marks)**

14. State four characteristics of good money. **(4 marks)**

15. State four characteristics of labour as a factor of production **(4 marks)**

16. Define the following terms **(4 marks)**

a. Scarcity

b. Choice

c. Scale of preference

d. Opportunity cost

17. Highlight four circumstances under which personal selling is appropriate **(4 marks)**

18. Outline **four** personal attributes of an office staff. **(4 marks)**

19. Highlight **four** benefits of using mobile money transfer services as a means of payment. (4mks)

20. State **four** barriers to effective communication in an organizational meeting. **(4 marks)**

21. Outline four measures that consumers may adopt to protect themselves from unscrupulous business practices. **(4 marks)**

22. State **four** ways in which businesses may maintain a healthy business environment. **(4 marks)**

23.State four channels that M-Zuri a flower firm in Nakuru may use to sell her products to customers in the U. S.A. **(4 marks)**

24.The following information was extracted from the books of Kaptagat traders for the year ended 31/12/2020

	Shs
Sales	4,800,000
Opening stock	800,000
Closing stock	1,200,000

Gross profit margin is calculated at 25%

Required: Prepare a trading account for the period end 31/12/2020. **(4 marks)**

25.The table below shows the price of petrol per litre for various years.

Year	Pump price
2017	98
2018	102
2019	112
2020	120
2021	127

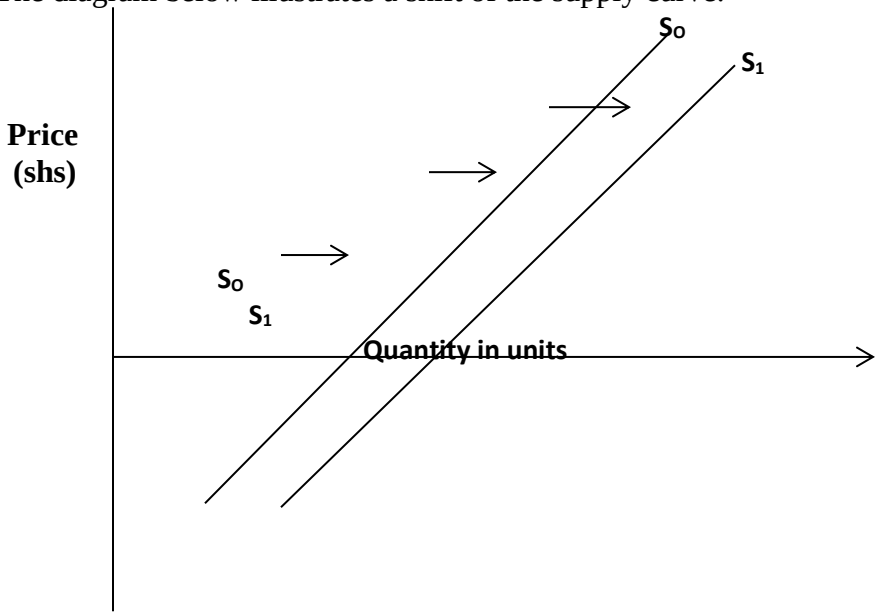
Calculate the consumer price index using year 2017 as the base year. **(4 marks)**

Year	Price	CPI
2017	86	*100*
2018	92	*106.97*
2019	108	*125.58*
2020	120	*139.53*
2021	127	*147.67*

PAPER 2

1. (a). Outline **five** factors that may lead to growth of entrepreneurship in Kenya. (10mks)

(b) . The diagram below illustrates a shift of the supply curve.



Explain **five** factors that may bring about the above shift in supply from S_oS_o to S_1S_1.(10mks)

2. (a). Outline **five** differences between partnership and co – operative forms of business units. (10mks)

(b). Explain **five** benefits that Kenya may enjoy as a member of East African community.(10mks)

3. (a). Explain **five** benefits of pooling of risks to an insurer. (10mks)

(b). The information below relates to Navakholo Traders. Prepare a duly balanced three column cash book . (10mks)

2020

February 1: balance b/d cash sh 40,000 and a bank overdraft of sh. 270,000
February 3: settled Beta creditors account of 80,000 by cheque, having deducted 6% cash discount.
February 7: received sh. 60,000 cash from Zoom traders.
February 15: deposited sh. 45,000 to the bank
February 20: withdraw sh. 92,000 from the bank for private use.
February 24: received sh. 199,500 from Delta by cheque after allowing 5% cash discount.
February 28: banked all the cash leaving only 15,000 in the office.

4. (a) Explain **five** measures that may be taken by the Government to solve unemployment problems. (10mks)

(b). Explain **five** factors that hinder economic development of Kenya despite the government's spending on the planning exercise. (10mks)

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

(b) . Explain **five** roles that the central bank of Kenya plays as a government's bank. (10mks)

6. (a) Outline **five** features of hypermarkets. (10mks)

(b) The following information relates to HZ enterprises for the year ended 31/12/2021

Hz enterprises
Trial balance
As at 31/12/2021

Items	Dr(sh)	Cr(sh)
Premises	4,000,000	
Furniture	1,500,000	
Capital		4,900,000
Net profit		50,000
Stock	100,000	
Debtors	200,000	
Drawings	60,000	
Bank loan		1,900,000
Bank	970,000	
Cash	360,000	
Creditors		340,000
	7,190,000	**7,190,000**

Required: a). Hz enterprises balance sheet as at 31/12/2021 (4mks)

b).Calculate i). Capital invested (1mk)
ii). Borrowed capital (1mk)
iii). Capital employed (2mks)
iv). Working capital (2mks)

KCSE PREDICTION 10 2022

Paper 1

1) State four ways in which the learning of business studies in secondary school can be of benefit to the Kenyan economy. (4mks)
2) Highlight four ways in which an individual consumer can ensure that he/she is not exploited by traders. (4mks)
3) Identify four measures that can be put in place by a business to safeguard its property. (4mks)
4) Kenya is experiencing a growing boda boda transport. Highlight four challenges that are facing this means of transport. (4mks)
5) Identify four circumstances under which a monopolist could practice price discrimination. (4mks)
6) Following is a list of business transactions. Indicate the effect of these transactions on the balance sheet totals. Use (+) for increase, (-) for decrease and (NE) for no effect. (4mks)

	Transaction	**Effect on balance sheet totals**
(a)	The business took a bank loan of Sh. 100,000 and used the whole amount to pay creditors	
(b)	Bought furniture worth Sh. 35,000 then paid cash Sh. 20,000 and the balance to be paid later.	
(c)	An old computer worth Sh. 10,000 was disposed at Sh. 8,500 cash.	
(d)	Bought stock of goods for sale on credit for Sh. 22,000	

7) Outline four roles played by the banking sector in an economy. (4mks)
8) Mention four circumstances under which an insurance claim may be honoured. (4mks)
9) Highlight four factors that are likely to lead to demand-pull inflation. (4mks)
10) State four reasons why a manufacturer may sell directly to the consumer. (4mks)
11) On 1st January 1999 Kibet started a business with a capital of Kshs. 25,000 in cash. The following transactions took place during the first week of the month:
    a. Jan 2: Bought stock of goods Kshs. 10,000 cash
    b. Jan 5: Took cash to the bank Kshs. 8,000
    c. Jan 6: Cash sales Kshs. 5,000
    d. Required:
    e. Enter the above transactions in the relevant ledger accounts and balance them off. (4mks)

12) State four reasons for the popularity of personal selling as a means of promoting products by firms. (4mks)
13) Highlight four reasons that account for low living standards in a country with high per capita income. (4mks)
14) State the meaning of the following terms as used in the process of satisfaction of human wants. (4mks)
    a) Scarcity
    b) Choice
    c) Opportunity cost
    d) Scale of preference
15) Outline four ways in which mobile phone money transfer services have facilitated trade in the economy. (4mks)
16) Identify four aspects of the legal and political environment of a business. (4mks)
17) The following transactions relates to the business of Amina Traders during the month of May 2010.

a. May 5: Returns inwards of Kshs. 15,000 from Aswani.
b. May 7: Issued a credit note to Andanje worth Kshs. 7,500
c. May 11: Andrew, a customer returned goods worth Kshs. 11,000
d. May 13: Sent a credit note of Kshs. 10,000 to Wambua
e. May 23: Goods worth Kshs. 6,500 were returned by Atieno.

Required

f. Enter the above transactions in the relevant day book. (4mks)

18) Highlight four factors to be considered when evaluating a business idea. (4mks)
19) Outline four roles of Kenya Institute of Business Training. (4mks)
20) Using the following information regarding the supply of cabbages in Eldoret Municipal Market, draw a supply curve. (4mks)

Price (Kshs.)	Quantity (Kg)
10	100
20	150
30	250
40	300
60	350

21) State four benefits of warehousing to the consumer. (4mks)
22) Identify four measures which the Kenyan government can take to solve the unemployment problem. (4mks)
23) Highlight four possible effects of taxation in an economy. (4mks)
24) Outline four factors that may limit the development of a developing country. (4mks)
25) State four reasons why parastatals have generally performed poorly in Kenya. (4mks)

PAPER 2

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.

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 hs4,550 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. (10mks)
   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 1st 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)