

KCSE 2023 PREDICTION CYCLES



BUSINESS PAPER 1



KCSE 2023 TOP PREREDICTION CYCLE 1-10

CLASS OF KCSE 2023 NOVEMBER

The set Comprises of 10 Prediction Cycles prepared by a panel of Top Writers from KNEC Nairobi HQ

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KENYA EDUCATORS CONSULTANCY

565/1
BUSINESS STUDIES
PAPER 1
Time: 2 hours
KCSE 2023 TOP PREDICTION MASTER
CYCLE 1

NAME:ADM NO.:.....CLASS

SIGNATURE:.....DATE:.....TEACHER.....

Instructions

1. Write your name, index number, school and signature in the spaces given above.
2. Sign and write the date of the examination in the spaces provided above
3. Answer all the questions.(25 questions)
4. All answers should be written in the space provided below each question.
5. Candidates should check the question paper to ascertain that all the questions are printed.
6. All questions should be answered in English.

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Marks															
	Question	16	17	18	19	20	21	22	23	24	25				
	Marks														

TOTAL

1. State **four** features of capital as a factor of production. (4mks)

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2. Outline **four** reasons why choice is inevitable in the satisfaction of human wants. (4mks)

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3. Highlight **four** reasons for which businesses should observe ethical practices. (4mks)

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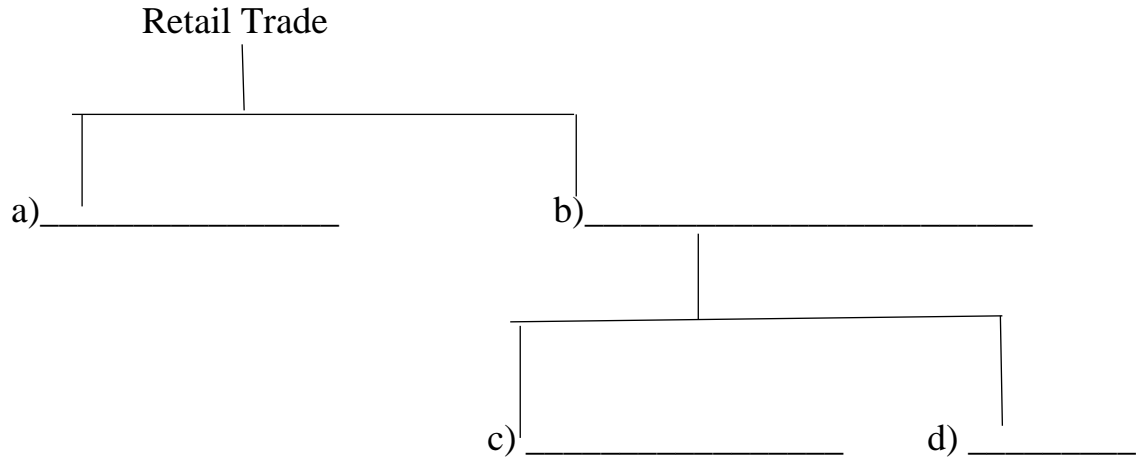
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4. Indicate the qualities of an office worker described by the following statements. (5mks)

	Description	Quality
i)	Ability to convince others in a meeting without hurting them.	
ii	Ability to create and implement ideas.	
iii	Maintaining the good name of the organization.	
iv	Performing duties with precision.	
v	Ability to consider all possibilities and come up with right decision.	

5. Fill in the missing gaps in the table below. (4mks)



6. Highlight **four** activities that may be carried out in a security exchange market. (4mks)

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7. List **four** ways in which the government regulates business activities.

(4mks)

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8. Outline **four** ways in which the nature of goods would influence the choice of the means of transport. (4mks)

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

a) The manager of Safaricom Ltd talking to the manager of Airtel Ltd.

b) An accounts clerk asking for time off from the boss

c) The sales manager giving instructions to the secretary of the finance manager_____

d) The receptionist giving explanation to the production manager.

10.Highlight **four** circumstances under which a cheque may be used as a means of payment. (4mks)

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11. Give **four** features of a bonded warehouse. (4mks)

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12.Uwezo traders acquired a building valued at Sh. 1,200,000 on January 1st 2020. The building was insured with three insurance companies: Sanlam, Jubilee, and Britam for 250,000, 300,000 and 450,000 respectively. In

May 2020, fire damaged the building, causing Uwezo traders to suffer a loss of 30% of the value of the building.

Determine the contribution made by each company to compensate Uwezo traders for the loss. (4mks)

13. Using a diagram, show how the forces of demand and supply determine the market price of a commodity in the market. (4mks)

14.State **four** reasons why new industries tend to be attracted to well established towns. (4mks)

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15.State **Four** basic features of a market. (4mks)

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

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17. Fill in the missing figures. (3mks)

Fixed Assets	Current Assets	Long term Liabilities	Short term Liabilities	Capital
500,000	330,000	(a)	120,000	510,000
(b)	400,000	135,000	20,000	600,000
150,000	20,000	240,000	100,000	(c)

18. Outline **four** factors that may account for a high population growth rate in Kenya. (4mks)

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

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20. Njenga traders had the following assets and liabilities as at January 2014.

Machinery	350,000
Debtors	45,000
Stock	25,000
Cash	7,500
Creditors	48,000

Additional capital introduced during the year was 24,000. Drawings made during the year was 20,000. Net profit was 34,500.

Determine the capital as at 31st December 2014. (4mks)

21. Outline **four** merits of indirect taxes. (4mks)

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22. The table below shows general price changes over a period of five years.

Year	Price (shs)	CPI
2010	90.00	
2011	100.80	
2012	103.50	
2013	105.30	
2014	108.00	

Using 2010 as the base year, determine the consumer price index for the years 2011, 2012, 2013, and 2014. (4mks)

23. Name **four** levels of economic integration. (4mks)

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24. Outline **four** circumstances under which a manufacturer would use
informative advertising. (4mks)

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25. For each of the following transactions, indicate the account to be debited and account to be credited. (4mks)

Transaction	A/C DR	A/C CR
a) Started a business with cash money.		
b) Bought stock on credit from Watu traders.		
c) Used a personal computer to clear Watu trader's debt.		
d) Took stock from the business to pay the wife's hospital bill.		

565/1
BUSINESS STUDIES
PAPER 1
Time: 2¹/₂ hours

KCSE 2023 TOP PREDICTION MASTER CYCLE 2

NAME _____ ADM NO _____

INSTRUCTIONS

(i) Attempt all the questions in the spaces provided.

1. Identify four features of economic resources. (4 marks)

(a)

(b)

(c)

(d)

2. Outline four causes of cost push inflation.

(4 marks)

(a)

(b)

(c)

(d)

3. Outline four circumstances under which hire purchase may be used to acquire goods.

(4 marks)

(a)

(b)

(c)

(d)

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.
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(a)	Any mention of a person, firm or product in the mass media.	
(b)	Presentation of a commodity to prospective buyer, face to face by a sales man with an aim of making sales.	
(c)	Process of information with a view of creating, promoting or maintain goodwill and favourable image of the organization to the public.	
(d)	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)

(a)

(b)

(c)

(d)

6. Highlight four ways in which monopoly differs with perfect competition. (4 marks)

(a)

(b)

(c)

(d)

7. Outline four functions of a wholesaler. (4 marks)

(a)

(b)

(c)

(d)

8. The following balances of assets and liabilities were provided by safari merchants as at 31/12/2015

<u>Item</u>	<u>Shs.</u>
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
-----	-------------

(a)	Corporation tax	
(b)	Value added tax (VAT)	
(c)	Capital gains tax	
(d)	Excise	

10. Highlight four methods the government uses to protect consumers. (4 marks)

(a)

(b)

(c)

(d)

11. State four benefits that people from your area may benefit from business enterprise. (4 marks)

(a)

(b)

(c)

(d)

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

(a)

(b)

(c)

(d)

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

(a)

(b)

(c)

(d)

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

Stock 1 st January 2015	Shs.98,720
Stock 31 st 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)

(a)

(b)

(c)

(d)

16. Outline four reasons why a new business may fail.

(4 marks)

(a)

(b)

(c)

(d)

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

(4 marks)

(a)

(b)

(c)

(d)

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

Statement	Documents
(i) Prepared by an exporter giving details about the origin of goods.	_____
(ii) A document of title to the goods traded in international trade.	_____
(iii) Show prices charged as certified by the importing country's officials.	_____
(iv) 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)

(a)

(b)

(c)

(d)

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

(a)

(b)

(c)

(d)

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

(a)

(b)

(c)

(d)

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
(a)	Goods returned by a consumer.		
(b)	Purchase of goods on credit.		

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

(a)

(b)

(c)

(d)

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

(a)

(b)

(c)

(d)

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)

NAME..... INDEX NO.....
 SCHOOL..... DATE.....
 CLASS/STREAM
 SIGN.....

565/1
BUSINESS STUDIES
PAPER 1
TIME: 2 HOURS

KCSE TOP PREDICTION MASTER CYCLE 3

INSTRUCTIONS TO CANDIDATES

1. Write your name and index number in the spaces provided
2. Sign and write the date of the examination in the space s provided above
3. Answer all questions
4. All answers must be written in the space provided in this booklet
5. Do not remove any pages from this booklet

For Examiner's Use Only

Question	1	2	3	4	5	6	7	8	9	10	11	12	13
Marks													

Question	14	15	16	17	18	19	20	21	22	23	24	25
Marks												

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

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

a) Mortality rate

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b) Fertility rate

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c) Life expectancy

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d) Infant mortality rate

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3. Distinguish between the following (5mks)

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

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

- a. Show from which country the goods are coming from.
.....
- b. Written by an exporter authorizing his bank to sell goods on his behalf
.....
- c. Allow importer to get goods on credit and cannot be changed by the importer without exporters permission.
- d. Help in quicker clearance and it is issued by country's official abroad.
.....

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

Account

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

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

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

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

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

(4mks)

<u>Transaction</u>	<u>Effect</u>
a. Withdrew stock for personal use
b. Paid a creditor by cheque
c. A debtor paid by cash
d. Received a loan by cheque

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

(4mks)

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11. Highlight four roles played by personal secretary

(4mks)

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12. In a well labelled illustration, show a shift in the supply curve.

(5mks)

13. Given the following information of Elisha Traders

(4mks)

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

Calculate,

a) Working capital

(1mk)

b) Current ratio

(1mk)

c) Capital owned

(1mk)

d) Borrowed capital

(1mk)

14. Outline four trends in forms of business units.

(4mks)

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

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

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17. Record the following transaction in the General journal.

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

(4mks)

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

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

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

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

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

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

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

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

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565/1
BUSINESS STUDIES
PAPER 1
Time: 2 hours

KCSE 2023 TOP PREDICTION MASTER CYCLE 4

Name Index Number.....

Candidate's Signature Date

INSTRUCTIONS TO CANDIDATES

- a) Write your name and Index number in the spaces provided above.
- b) Write the date of examination in the spaces provided above.
- c) Answer **ALL** the questions.
- d) **ALL** answers must be written in the spaces provided in this booklet.
- e) Do not remove any pages from this booklet.
- f) This paper consists of **8** printed pages.
- g) Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

FOR EXAMINER'S USE ONLY

Question	1	2	3	4	5	6	7	8	9	10	11	12	13
Marks													

Question	14	15	16	17	18	19	20	21	22	23	24	25
Marks												

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

- (i).....
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- (ii).....
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- (iii).....
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- (iv).....
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2. Highlight **four** ways in which the nature of goods influences the choice of the method of transport (4 marks)

- (i).....
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- (ii).....
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- (iii).....
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- (iv).....
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3. Outline **four** factors that may positively influence the level of national income in Kenya. (4 marks)

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

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(iii).....

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(iv).....

4. Identify **four** characteristics of a country that maybe undergoing a persistent rise in general price levels. (4marks)

(i).....

(ii).....

(iii).....

(iv).....

5. Identify **four** ways that an office can be used in an organization (4marks)

(i).....

(ii).....

(iii).....

(iv).....

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6. The following balances were extracted from the books of Penuel Traders for the month ended 31 December 2011.

	Shs
Sales	210,000
Purchases	120,000
Capital	220,000
Motor van	150,000
Expenses	80,000
Equipment	60,000
Debtors	40,000
Creditors	20,000

Prepare trial balance of Penuel Traders for the month ended 31 December 2011.

[4marks]

7. Highlight **four** benefits that could accrue to a customer who buys goods from Nakumatt Stores

(4 marks)

(i).....

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(ii).....

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(iii).....

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(iv).....
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8. State **four** reasons why one would prefer an email to a telephone conversation to send a message.

(4marks)

(i).....
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(ii).....
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(iii).....
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(iv).....
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9. Highlight four roles of entrepreneurship to an economy.

(4marks)

(i).....
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(ii).....
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(iii).....
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(iv).....
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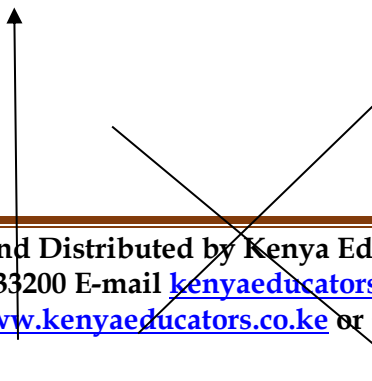
10. Outline **four** strategies that a small- scale firm would adopt to expand so as to benefit from economies of scale. (4marks)

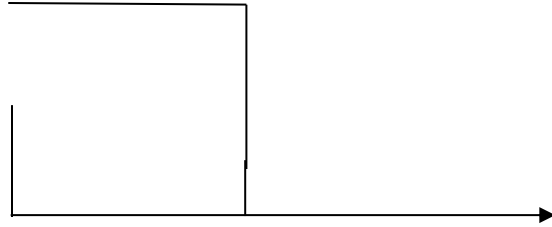
- (i).....
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- (ii).....
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- (iii).....
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- (iv).....
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11. The following are descriptions of accounts available to customers in the Kenyan banking industry. Give the account that corresponds to each of the descriptions given below. [3marks]

	Description	Type of account
(a)	Account holders require depositing a specific initial amount as well as maintaining a minimum balance.	
(b)	Account holder may deposit and withdraw money whenever they want without maintaining a minimum balance.	
(c)	Banks pay interest on deposit at comparatively higher rates.	

12. On the diagram below show the effect of a decrease in the cost of production (4marks)





13. The following information relates to Wanjau enterprises as at 31st December 2011. (4marks)

	SHS
Closing capital	700,000
Net loss	90,000
Additional investment	90,000
Drawings	30,000

Calculate Wanjau's initial capital.

14. Outline **four** circumstances under which rail transport may be preferable to road transport. (4marks)

- (i).....
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- (ii).....
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- (iii).....
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(iv).....
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15. For each of the following transactions in the table below, indicate in the spaces provided, the source document from which the transaction would be recorded [4marks]

No.	Transaction	Source document
(a)	Sales of goods on credit	
(b)	Correction of undercharges	
(c)	Goods returned	
(d)	Credit purchases.	

16. Give **four** factors affecting birth rate in a country (4marks)

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

17. List **four** principles that do not relate to life insurance.

(i).....
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(ii).....
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(iii).....
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(iv).....
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18. Highlight **four** assumptions of monopolistic competition. (4marks)

(i).....
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(ii).....
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(iii).....
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(iv).....
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19. Outline **four** benefits that may accrue to a multi-national business that uses video-conferencing meetings over the traditional ways of holding meetings among managers (4 marks)

(i).....
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(ii).....
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(iii).....
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(iv).....
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20. Highlight **four** statutes that the government has enacted in order to protect consumers. (4 marks)

(i).....

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(ii).....

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(iii).....

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(iv).....

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21. Outline **four** advantages of setting up a franchise. (4marks)

(i).....

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(ii).....

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(iii).....

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(iv).....

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22 Pox's books of accounts had the following balances on 31st July 2010.

	Shs
Cash in hand	20,000
Debtors'	40,000
Bank overdraft	140,000

The following transactions took place in the months of September:

September 2: Cash sales of Shs. 300, 000 of which Shs. 200, 000 was paid

by cheque.

- 6: Received a cheque of Shs. 180,000 from Omollo after allowing him a 10% Cash discount
- 14: Juma a debtor, settled his account of Shs. 60, 00 by cheque less 5% cash discount.
- 26: Paid insurance cost of Shs. 20, 000 by cheque.
- 29: Took all cash to the bank leaving a balance of Shs. 20,000.

Required:

Extract a **three** column cashbook and balance it off.

(5marks)

23.The following balances were extracted from the books Ongwete retailers for the year ended 31 March 2011.

	Shs
Sales	1,000,000
Purchases	640,000

Opening stock (1.1.2011)	160,000
Closing stock (31.12.2011)	80,000
Debtors	280,000
Creditors	180,000

Calculate

(a) Margin

(b) Current ratio

(c) Rate of stock turnover

[4marks]

24.Highlight the **four** major stages of a commercial transaction.

(4marks)

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

(iv).....

25. Outline **four** advantages of drilling oil in Kenya. (4marks)

(i).....

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(ii).....

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(iii).....

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(iv).....

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Name: Adm No:
School: Class:
Signature: Date:

BUSINESS STUDIES (565/1)
FORM FOUR (4)
Time: 2 Hours

KCSE TOP PREDICTION MASTER CYCLE 5

ANSWER ALL QUESTIONS IN THIS PAPER

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

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

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

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

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

- i)
- ii)
- iii)

iv)

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

i)

ii)

iii) -----

iv) -----

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

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

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

Shs

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

On 2nd Feb the following transactions took place

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

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

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

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

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

- i)
- ii)
- iii)

iv)

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

i)

ii)

iii)

iv)

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

i)

ii)

iii)

iv)

11. The following transactions relate to Salim traders

a) 15th Feb 2020 sold an old business vehicle for shs. 150,000 on credit to Recovery Motors

b) 20th Feb 2020 bought a new sewing machine on credit from singer limited for shs.50,000

Required: Record the above transactions in a General Journal

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

i)

ii)

iii)

iv)

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

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

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

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

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

1/2/2011 started business with sh. 10,000 in cash and sh. 50,000 at bank.

2/2/2011 Bought goods on credit from LK traders worth sh.5000

4/2/2011 Withdrew sh. 2000 from bank for office use.

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

- i)

- ii)
- iii)
- iv)

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

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

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

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

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

Capital as at 31/12/18	64,000
Net profit for the year	14,000
Capital as at 1 st Jan 2018	42,000
Monthly drawings	1,500

Calculate the additional investments made during the year (4 Marks)

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

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

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

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

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

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

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

Cash at bank	30,000
Cash in hand	40,000
Current liability	500,000
Sales	920,000
Opening stock	150,000
Closing stock	230,000

Margin 25%

Expenses 15% of sales

Determine

i) Gross profit *(1Mark)*

ii) Cost of sales *(1Mark)*

iii) Purchases for the year *(1Mark)*

iv) Net profit *(1Mark)*

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

i)

ii)

iii)

iv)

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

i)

ii)

- iii)
- iv)

565/1
BUSINESS STUDIES
PAPER 1
Time: 2 hours

KCSE 2023 TOP PREDICTION MASTER CYCLE 6

NAME:.....ADM NO.....DATE.....

CLASS:.....SIGNATURE.....

Instructions

- ❖ Answer ALL the questions in the spaces provided.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

16	17	18	19	20	21	22	23	24	25

TOTAL

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1. State four reasons why people satisfy basic wants before secondary wants. (4 mks)

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2. Write the type of accounts the following items fall under (4 mks)

	ITEM	TYPE OF ACCOUNT
a	Discount received	
b	buildings	
c	Creditor kemboi	
d	capital	

3. Highlight four assumptions of the circular flow of income in a two-sector economy (4 mks)

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4. Highlight four reasons why it is suitable to locate a bonded warehouse at a point of entry of a country. (4 mks)

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

	DESCRIPTION	TYPE OF UNEMPLOYMENT
a	People lose jobs and spend time looking for a new job	
b	Unemployment occurs repeatedly at similar times	
c	Affects certain occupations such as the construction industry	
d	Workers unwilling to accept the current wage rate	

6. State four reasons why a businessperson would prefer to use current account. (4 mks)

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7. Highlight four ways that can be used to correct unfavorable balance of payment. (4 mks)

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8. State four internal economies of scale. (4 mks)

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9. Indicate with a (+) for increase, (-) for decrease and a (0) for no change in totals of the balance sheet following the transactions below: (4 mks)

	TRANSACTION	EFFECT
a	A debtor paid by cash	
b	Paid creditors by cheque	
c	Bought goods on credit	
d	Withdrew cash from bank for office use	

10. A trader wants to import a car from Japan. List four possible channels of distribution he will use. (4 mks)

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11. Outline four benefits that accrue to business organizations that use the latest technology in record keeping. (4 mks)

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12. Highlight four ways in which a business idea can be implemented. (4 mks)

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13. Outline any four ways through which producers co-operatives help agricultural development in Kenya. (4 mks)

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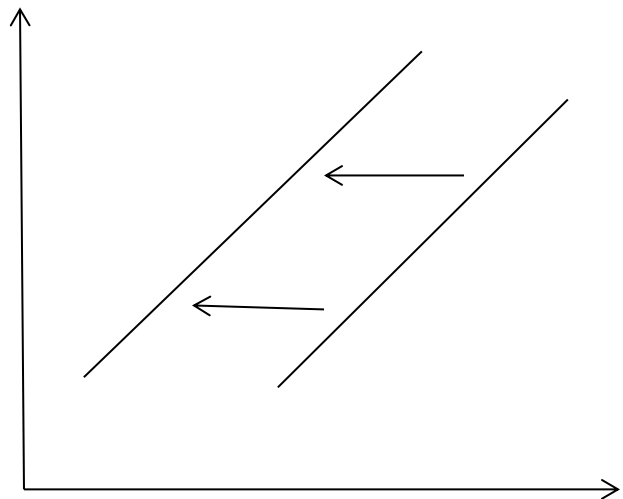
14. Identify four types of small scale retail business without shops that wambui can run without a shop. (4 mks)

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15. Why would an exporter prefer to use container services as a method of transport? (4 mks)

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16. The diagram shows a shift of a supply curve for a certain commodity. (4 mks)



State four reasons why the supply curve could have shifted from S0 to S1

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17. Given the items of Njoroge Wholesalers on 1st July 2000 (5 mks)

Building	780,000
Net loss	43,000
Additional investment	8,400
Stock	45,000
Creditors	32,000
Debtors	29,000
Loan	240,000
Overdraft	60,000
Weighing machine	17,000
Cash	30,000

Prepare a balance sheet as at that date

18. Highlight three features of cartels (3 mks)

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19. The following are some of the terms used in international trade. Write the following initials in full. (4 mks)

- a) F.O.B
- b) C.I.F
- c) F.A.S
- d) F.O.R

20. The following information relates t to Maji Mazuri Traders as at 31. 12. 2010. (4 mks)

Fixed assets	400,000
Stock	120,000
Current liabilities	60,000
Net profit for the current year	100,000

Calculate:

a) Working capital (2 mks)

b) Rate of return on capital employed (2 mks)

21. Outline four factors that may limit te development of a less-developed country. (4 mks)

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22. Highlight four factors that should be considered by a firm when deciding on the method to use for promoting its products. (4 mks)

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23. Identify four types of taxes based on structure of taxes. (4 mks)

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24. Highlight four problems associated with determining consumer price index in an economy. (4 mks)

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25. A farmer's house valued at ksh. 1,200,000 was insured against fire for ksh. 900,000 under the 'average clause'. Fire occurred and damaged the house causing a loss of ksh. 500,000. Determine the value of compensation due to the farmer. (4 mks)

END

Name: Adm No:

School: Class:

Signature: Date:

BUSINESS STUDIES

(565/1)

FORM FOUR (4)

Time: 2 Hours

KCSE TOP PREDICTION MASTER CYCLE 7

ANSWER ALL QUESTIONS IN THIS PAPER

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

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

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

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

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

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

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

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

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

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

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

Shs

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

On 2nd Feb the following transactions took place

Purchased goods on credit for shs. 15,000

Received a cheque sh. 10,000 from a debtor

Sold the machinery for shs. 90,000 in cash

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

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

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

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

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

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

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

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

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

11. The following transactions relate to Salim traders

- a) 15th Feb 2020 sold an old business vehicle for shs. 150,000 on credit to Recovery Motors
 - b) 20th Feb 2020 bought a new sewing machine on credit from singer limited for shs.50,000
- Required: Record the above transactions in a General Journal

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

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

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

- i)

- ii)
- iii)
- iv)

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

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

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

1/2/2011 started business with sh. 10,000 in cash and sh. 50,000 at bank.

2/2/2011 Bought goods on credit from LK traders worth sh.5000

4/2/2011 Withdrew sh. 2000 from bank for office use.

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

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

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

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

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

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

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

Capital as at 31/12/18	64,000
Net profit for the year	14,000
Capital as at 1 st Jan 2018	42,000
Monthly drawings	1,500

Calculate the additional investments made during the year **(4 Marks)**

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

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

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

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

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

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

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

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

- i) Gross profit **(1Mark)**

ii) Cost of sales *(1Mark)*

iii) Purchases for the year *(1Mark)*

iv) Net profit *(1Mark)*

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

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

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

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

NAME: INDEX NO:

SIGNATURE:,..... DATE :

KCSE TOP PREDICTION MASTER CYCLE 8

Instructions to Candidates

- (a) Write your name and index number in the spaces provided above.
 (b) Sign and write the date of the examination in the spaces provided above.
 (c) This paper consists of **25** questions.
 (d) Answer **ALL** questions in the spaces provided
 (e) This paper consists of **10** printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing
 (f) Candidates should answer the questions in **English**

For Examiner's Use Only

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Marks															

Questions	16	17	18	19	20	21	22	23	24	25
Marks										

TOTAL MARKS

Turn Over

1. State four merits associated with internal borrowing

(4 marks)

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

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

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4. The following balance sheet was incorrectly prepared

CHUMA Enterprises
Balance sheet
As at 31st October 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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16. Juma traders had the following information

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

Required

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

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

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

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

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

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

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

Calculate:

i) Stock turnover rate. *(2 marks)*

ii) Return on capital. *(2 marks)*

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

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

i) Producer goods and consumer goods.

(2 marks)

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ii) Intermediate goods and finished goods.

(2 marks)

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

kajuka traders'
Cash book

Dr Cr.

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

Calculate the missing figures.

(4 marks)

(i) Y

(ii) P

(iii) Q

(iv) R

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

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

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565/1
BUSINESS STUDIES
PAPER 1
Time: 2 hours

KCSE 2023 TOP PREDICTION MASTER
CYCLE 9

Name..... Index No:.....
Candidate's Signature Date.....

INSTRUCTIONS TO CANDIDATES

- Write your **name** and **index number** in the spaces provided above
- **Sign** and write the **date** of examination in the spaces provided.
- Answer **all** the questions .(25 questions).
- All answers should be written in the spaces provided in this booklet.
- Candidates should answer all questions in English

For Examiners Use Only

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	19	20	21	22	23	24	25	
Marks																									

TOTOTAL MARK

This paper consists of 7 printed pages. Candidates should check to ascertain that all pages are printed as indicated and that no questions are missing.

1. Outline **four** ways in which a good business structure is of benefit to a business organization (4mks)

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2. Outline **four** difficulties that would be faced by an individual in the satisfaction of human Wants (4mks)

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

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

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4. Using a diagram, illustrate how a decrease in demand occurs while holding all factors constant apart from price. (4mks)

5. State **four** circumstances under which it may be appropriate to use personal selling as a form of product promotion. (4mks)

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6. K Ltd a manufacturing firm has been performing poorly in the recent past. Highlight four measures that they can take to improve their profitability. (4mks)

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7. State **four** functions of commercial attaches. (4mks)

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8. Give **four** reasons why some traders prefer to operate supermarket business (4mks

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9. State **four** reasons why short message service (SMS) is replacing letters as a way of communication (4mks)

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10. Describe **four** channels used when importing commodities. (4mks

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11. Outline four emerging trends in office management. (4mks)

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

12. Give **four** benefits that are likely to result from a modern railway network in the country (4mks

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13. Outline **four** features of monopolistic competition (4mks)

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14. State **four** merits of storing goods in a public warehouse (4mks)

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15. The following account balances were extracted from the books of misingo traders on 30th April 2002

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

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

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

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

17. On 31st December 2013 Kiu Traders had made a turnover of Sh.80, 000 for the year and had a closing stock of SH.10, 000. If the business was working at a margin of 20%, draw its trading account for the period ending 31st, December 2013

(4mks)

18. Outline four source documents used in recording transaction. (4mks)

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19. On 1st March 2006 the cash book of Kericho traders showed cash and bank balances of sh. 15000 and sh 147000 respectively. The following transactions took place during the month

May 3 cash sales sh 120, 000

May 11 paid sh. 7,500 cash in respect to wages

May 16 received a cheque of sh. 250,000 from a debtor

May 26 withdrew sh. 25,000 from bank for office use.

May 29 paid sh. 97,000 cash to creditor

Prepare a two column cash book

(4mks)

20. Explain the following terms as used in insurance

a) Surrender value.....
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b) Beneficiaries.....
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c) Re – insurance.....

d) Cover note.....
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(4mks)

21. Match the following description of errors with the type of errors made when keeping books of accounts

(4mks)

Description	Error type
(a) Occurs where errors is both the debit and credit balances are of equal amounts	

(b) Occurs where a transaction is not recorded at all in the books	
(c) Occurs when entries are made in the wrong class of accounts	
(d) Occurs where both the debit and credit entries are made using similar but erroneous figures	

22. Give **three** reasons why the per capita income of a country may not change (3mks)

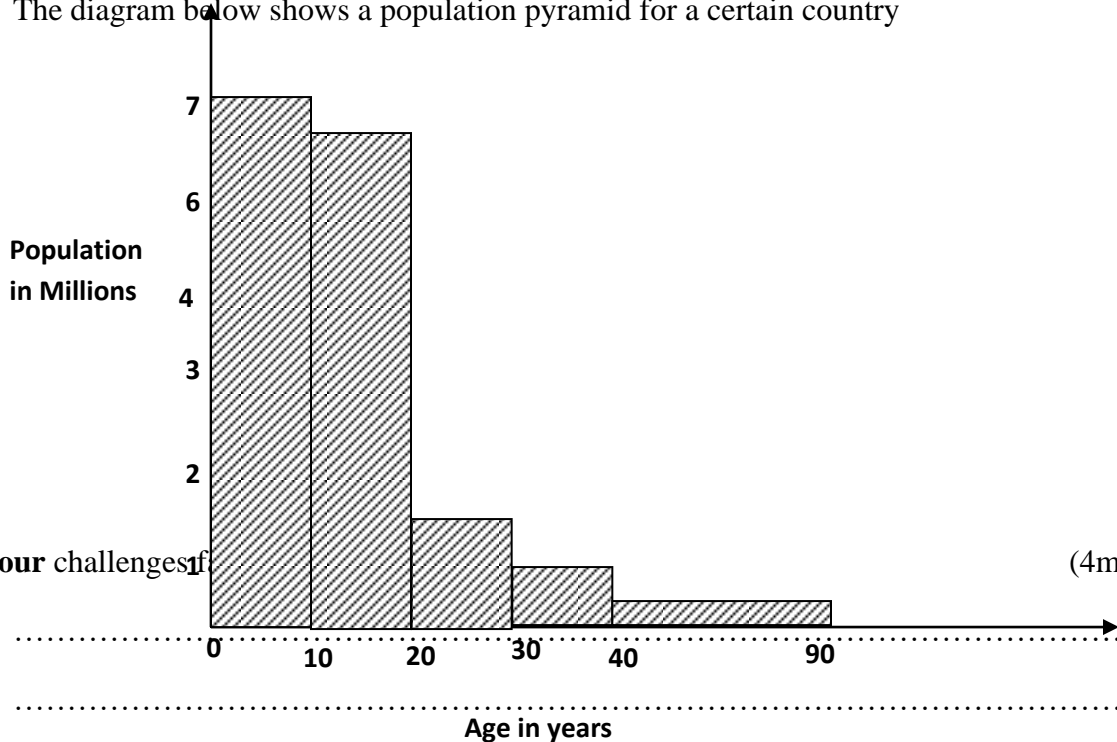
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23. The diagram below shows a population pyramid for a certain country



Give **four** challenges of (4mks)

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24. Show the accounts to be debited or credited for the following transactions

(4mks)

Transaction	debited	credited
(a) Paid wages in cash		

(b) Took business cash for private use	
(c) Purchased office equipment on credit from Sao Ltd	
(d) Paid telephone bill by cheque	

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

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NAME.....ADM
NO.....CLASS.....

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

KCSE TOP PREDICTION MASTER CYCLE 10

INSTRUCTIONS TO CANDIDATES

- Write your name, class and admission number in the spaces provided above
- This paper contains 25 questions
- Answer **ALL** questions in the spaces provided
- This paper consists of 9 printed pages
- Candidates should check the question paper to ascertain that all the pages are printed and that no questions are missing

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

17	18	19	20	21	22	23	24	25

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1. A business is required to maintain a healthy environment free from pollution. State **four** ways in which the environment may be polluted. **(4mks)**

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2. State **four** characteristics of human wants. **(4mks)**

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3. Outline **four** ways in which a developing country like Kenya may benefit from entrepreneurship. **(4mks)**

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4. Give **four** reasons why filing is important in an office. **(4mks)**

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5. Highlight **four** Factors which may render face to face communication ineffective. **(4mks)**

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6. State **four** banking services that the central bank of Kenya provides to the government. **(4mks)**

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7. Highlight **four** factors that may lead to an overcharge in an invoice. **(4mks)**

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8. The following transactions relate to upendo enterprises for the month of July 2022
July 1 balance b\ d cash 20000, bank over draft 5000
July 10 paid juma a creditor sh, 2000 cash in full settlement of his account of sh. 2100
July 20 received a cheque of sh. 30000 from Pato a debtor having deducted 20% cash discount
JULY 30 withdrew sh. 8000 from bank for office use
REQUIRED record the above transactions in a three column cash book **(4mks)**

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9. Calculate the missing figures in the table below. **(4mks)**

Capital	assets	Liabilities
80000	70000
.....	300000	20000
600000	1000000
.....	600000	40000

10. State **four** reasons that account for the need for consumer protection.
(4mks)

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11. Outline **four** features of a private limited company **(4mks)**

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

TRANSACTION	JOURNAL
Good sold for cash	
Purchases of office furniture on credit	
Goods bought on credit	
Goods bought on credit returned to supplier	

13. Indicate the type of utility created by each of the following activity. (4mks)

Milling wheat grain in to flour	
Transporting wheat grain	
Selling bread in a shop	
Storing grains in silos	

14. Outline **four** disadvantages of a long chain of distribution of goods to a buyer.

(4mks)

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15. State **four** benefits of advertising to a consumers

(4mks)

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16. State **four** uses of national income statistics

(4mks)

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17. Outline **four** ways in which a youthful population may be useful to a country.

(4mks)

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18. The following information relates to Wakesho traders as at 31st July 2022

Details	shs
Furniture and fittings	130000
Debtors	70000
Commission accrued	10000
Creditors	50000
Drawings	20000
Discount received	1000

Bank overdraft	5000
Bank loan	10000
Capital	55000

Required; prepare Wakesho traders trial balance as at 31st July 2022. **(4MKS)**

19. State **four** sources of government revenue. **(4mks)**

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20. Highlight **four** factors that could lead to a faster economic development in a country. **(4mks)**

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21. State **four** factors that insurance companies consider before determining premium to be paid. **(4mks)**

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22. Indicate the effect of the following transactions on the capital of a business. Use **increase, decrease or no effects**. **(4mks)**

Transactions	Effects
Owner took cash from the business for personal use	
Payment of business expenses in cash	
Owner deposited additional cash from personal savings	
The business made loss from trading	

23. The cost of consumers goods and services for a representation basket of an average family is given below.

Year	2020	2021
Price(shs)	2000	3000

Determine the increase in consumer price index using 2020 as the base year. **(4mks)**

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24. State **four** features of perfectly competitive market structure **(4mks)**

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25. The following information was extracted from tamu traders at 31 dec 2021

Fixed assets	40000
Stock	12000
Current liabilities	6000
Profits for the year	10000

Calculate;

a) Rate of return on capital employed **(2mks)**

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b) Current assets

(2mks)

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