

KCSE 2023 PREDICTION CYCLES



BUSINESS PAPER 2



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

Kenya Educators Consultancy is proud to announce that in KCSE 2022 National Examination, More than 55% of our predictions from the same panelists appeared in the national exam (KCSE)

All KCSE 2023 November Candidates are advised to take the questions in this package of predictions serious as they prepare for the national exams!

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All the best to all KCSE 2023 Candidates as they prepare for the national exams

KENYA EDUCATORS CONSULTANCY

Name..... ADM NO..... CLASS.....

Candidate's SignatureDate

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2 HOURS

KCSE TOP PREDICTION MASTER CYCLE 1

INSTRUCTIONS TO CANDIDATES

- This paper consist of **six** questions
- Answer any **FIVE** questions
- All questions carry equal marks
- Write your answers in the booklet provided

FOR EXAMINER'S USE ONLY

Question	Candidates score
1	
2	
3	
4	
5	
6	
TOTAL SCORE	

1 .a) Explain **Five** factors that management of a business should consider before buying an office machine. *(10Marks)*

b) Outline **five** differences between a public corporation and a private limited company. (10 Marks)

2. a) Explain Five reasons why a country may experience balance of payments disequilibrium . *(10Marks)*

b) The following information was obtained from the books of Powermax Stores for the month of June 2015.Post the information to the relevant ledger accounts and balance them off. *(10Marks)*

June 1 : Balance in Cash shs. 60,000 , Bank shs 220,000 , Debtors shs 95,000 and Creditors shs 80,000

June 5 : Received a cheque of shs. 75,000 from debtors.

June 10 : Drew a cheque of shs 59,000 in respect of creditors.

June 15 : Obtained a loan from KCB shs 130,000 ,money was deposited directly to the account.

June 24 : Bought land for shs 217,000 ,paying shs 200,000 by cheque and the rest In cash.

June 28 : Paid creditors in cash shs 1,000.

June 30 : Deposited all cash into the bank except shs 4,000.

3. a) State and explain **Five** guidelines that governs a good tax system. *(10Marks)*

b) The type of advertising largely depends on the objectives to be achieved. Explain **Five** types of advertising. *(10Marks)*

4 a) Highlight **Five** ways in which the Kenyan government may increase the amount of money in circulation. *(10Marks)*

b) Discuss **Five** factors that determine the amount of premiums charged in a life

Assurance cover. **(10 Marks)**

5 a) Explain **Five** factors that hinders entrepreneurial practices in Kenya today.

(10Marks)

b) With a well labeled diagram, explain the effect of an increase in demand on the equilibrium price and quantity. **(10 marks)**

6. a) Outline **Four** reasons why mobile phones (cell phones) have become a popular means of communication . **(8 marks)**

b) The following Trial balance was extracted from the books of Mwakio Traders on 31st Dec 2005.

Mwakio Traders

Trial Balance

As at 31st December 2005

Name of Account	Dr (Shs)	Cr (Shs)
Purchases and Sales	70,000	95,000
Carriage outwards	4,000	
Stock (1/1/2005)	12,500	
Fixed Assets	82,000	
Debtors and	10,500	8,500
Creditors	16,800	
Salaries		10,300
Bank overdraft	1,500	12,400
Returns	2,500	
Cash in hand	5,200	
General expenses		<u>88,800</u>
Capital	<u>205,000</u>	<u>205,000</u>

Additional information:

Closing stock was valued at shs 6,500.

- Prepare : i) Trading, profit and loss Account for the year ending 31st Dec 2005. (8Marks)
- ii) Balance sheet. (4Marks)

Name: Index No:

Date: Sign:.....

565/2

BUSINESS STUDIES

Paper 2

Time: 2 ½ HOURS

KCSE TOP PREDICTION MASTER CYCLE 2

Instructions to candidates.

- Write your name and admission number in the spaces provided.
- Answer all questions in the spaces provided.
- Answer **any five** questions
- Answers must be written in English.
- Avoid one word answers

1. a) Explain five features that differentiate a public company from a public corporation.(10marks)
- b) Jambo Tena enterprises had the following balances in the cash book on 1st November, 2018. Cash at hand shs. 10,000 and bank shs. 150,000
 2. Bought buildings paying by cheque shs. 50,000
 3. Drew shs. 4,000 from Bank for office use.
 4. Took cash shs. 1,000 for his personal use
 5. Credit sales to Jema traders shs. 5,000
 6. Took all the cash to the bank leaving a balance of only shs. 100

Required: prepare duly balanced a two column cash book.
2. a) Explain **five** emerging issues in office management. (10marks)
- b) Explain five circumstances under which a partnership may be dissolved (10mks)
3. a) Explain five circumstances under which a manufacturer would prefer to sell his products direct to consumers instead of selling through middlemen .(10 marks)
- b) Explain five factors to consider when choosing a method of promoting products.(10 marks)
4. (a) In most secondary schools in Kenya, members of staff are accommodated in one large room. Explain **five** disadvantages associated with this kind of arrangement.(10mks)
- (b) Explain Five benefits of warehousing to consumers (10 marks)
5. a) Explain five uses of National Income Statistics (10mks)
- b) i) Explain four insurance policies that the owner of a supermarket may find useful for the business. 8mks
- ii) A farmer's house valued at Ksh. 1,200,000 was insured against fire for ksh. 900,000. Fire occurred and damaged the house causing a loss of ksh. 500,000. Determine the value of compensation due to the farmer. (2mks)
6. a) The accounts of Maneno Traders showed the following balances as at 31st December 20-2. Required: Balance off the accounts and extract a trial balance (10 Mks).

Land and Buildings Account

Dr

Cr

	ulars		nt		ulars		nt
			00				

Motor Cars Account

Dr

Cr

	ulars		nt		ulars		nt

			00				

Cash Account

Dr

Cr

	ulars		nt		ulars		nt
			30,000		ases)
			5,000		ors		
	ts		3,000				

Creditors Account

Dr

Cr

	ulars		nt		ulars		nt

Capital Account

Dr

Cr

	ulars		nt		ulars		nt

							00
--	--	--	--	--	--	--	----

Sales Account

Dr

	ulars		nt		ulars		nt

b) Highlight **five** factors that may lead to rapid increase in population. *(10mks)*

Name..... Adm.....

Signature.....

565/2

BUSINESS STUDIES

Paper 2

TIME: 2 ½ HOURS

KCSE TOP PREDICTION MASTER CYCLE 3

INSTRUCTIONS TO STUDENTS:

- *This paper consists of **six** questions*
- *Answer any **five** questions.*
- *Write your answers in the answer booklet provided*
- *All questions carry equal marks*

This paper consists of 3 printed pages. The candidate must check to ensure no page is missing.

- 1(a) Every institution has office staff which should have certain prescribed code of behaviour. Explain five office etiquette of an office staff. (10mks)
 (b) Explain five methods that government uses to protect consumers. (10mks)
- 2.(a) Explain five insurance policies that the proprietor of Umoja Supermarket may take to his business. (10mks)
 (b) Explain five negative effects of inflation. (10mks)
- 3.(a) Describe five channels used to distribute manufactured goods in Kenya.
 (b) Highlight five differences between a co-operative and a public limited company. (10mks)
- 4.(a) Explain five consideration that the county government should look into before Incurring any expenditure. (10mks)
 (b) The following transactions were extracted from the books of NKUNDI enterprise for the month of August.
 (i) August 1st cash in hand Ksh.13,000 and at bank Ksh.28,000.
 (ii) August 3rd cash sales amounting to Ksh. 15,000.
 (iii) August 5th received Ksh. 7,800 form Mwenda after deduction of 2 ½ % cash discount.
 (iv) August 7th paid Kananu Ksh.17,000 by cheque in full settlement of her account of Ksh.17,500.
 (v) August 9th received Ksh.19,000 from Kawira after allowing 5 % cash discount.
 (vi) August 10th Deposited Ksh.15,000 into the bank from the cash till.
 (vii) August 11th took Ksh.9,500 cash for personal use.
 (viii) August 15th paid Barazaksh. 8,800 after deducting 12% cash discount by cheque.
 (ix) August 20thBanked some cash leaving Ksh.12,300 in the cash till.
 Required: Prepare a three column cash book for Njundi Enterprise duly balanced. (10mks)
- 5.(a) Kwanza limited operates as monopolist. Explain five possible factors that made this firm acquire monopoly power. (10mks)
 (b) A flower farmer in Njoro has secured market for her flowers in a foreign market. Explain five reasons why the farmer should use air to transport his flowers.
- 6.(a) Explain four factors that lead to business success. (8mks)
 (b) The following trial balance was extracted from the books of Hekima Traders as at 30th June 2010.

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

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

Required:

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

BUSINESS STUDIES

PAPER 2

KCSE 2023 TOP PREDICTION MASTER CYCLE 4

Name.....Adm No.....

Class..... Date.....

INSTRUCTIONS TO CANDIDATES

- ❖ Write your **name**, **class** and **Index number** in the spaces provided above.
- ❖ Sign and write the date of examination in the space provided above.
- ❖ This paper consists of **six questions**.
- ❖ Answer **ANY five questions** from this paper.
- ❖ Candidates should check the question paper to ascertain that all pages are printed as indicated and that no question is missing.

FOR EXAMINER'S USE ONLY

Question	Maximum score	Candidate's score
1	20	
2	20	
3	20	
4	20	
5	20	
6	20	
Total score		

1. a) Explain **five** ways in which the internal environment may contribute to the success of a business enterprise. (10 marks)

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

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

From the above information,

Calculate:-

- a) Gross profit (3 marks)
- b) Cost of goods sold (2 marks)
- c) Average stock (3 marks)
- d) Net profit (2 marks)
3. a) Describe **five** accounting documents used in home trade. (10 marks)
- b) Explain **five** demerits a country may suffer when the Government becomes a major investor in business (10 marks)
4. a) Explain **five** challenges that may be experienced by a new entrepreneur intending to start a business in Kenya. (10 marks)
- b) Explain **five** reasons why per capita income is not an indicator of a better living standard in a country. (10 marks)
5. a) Outline **five** merits of Indirect taxes (10marks)
- b) Explain **five** problems that the insurance industry is facing in Kenya today. (10 marks)

THIS IS THE LAST PRINTED PAGE

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

BUSINESS STUDIES (565/2)
FORM FOUR (4)
Time: 2½ Hours

KCSE TOP PREDICTION MASTER CYCLE 5

INSTRUCTIONS TO CANDIDATES

- a) Write your name, and Index number in the spaces provided after the questions.
- b) Sign and write the date of examination.
- c) This paper consists of **Six** questions.
- d) Answer **any five** questions in the spaces provided after the questions.
- e) All questions carry equal marks
- f) Candidates should answer the questions in **English**.
- g) This paper consists of 3 printed pages, candidates should check to ascertain that all pages are printed as indicated and that no question is missing.

FOR EXAMINER'S USE ONLY

Question	Maximum Score	Candidate's Score
1	20	
2	20	
3	20	
4	20	
5	20	
6	20	
Total Score	100	

1. a) Explain **five** circumstances that can cause a business to succeed in their activities.
(10 marks)
- b) Describe the procedure an insured must take when making an insurance claim.
(10 marks)

2. (a) Mzalendo Enterprises started business on 1st July 2010 with Shs. 250,000 consisting of:

Cash at bank Shs.200,000, Cash in Hand Shs. 30,000 and Furniture Shs. 20,000.

The following transactions took place during the month of July 2010.

3rd July 2010, Motor Van worth Shs. 85,000 and stock of Shs. 25,000 were bought on credit

4th July 2010, more stock worth shs.10,000 was bought by cash

10th July 2010, withdrew money from bank sh 50,000 for office use

15th July 2010, Sold stock at cost to a customer on credit for shs. 18,500

19th July 2010, received a cheque for the full settlement of a debt owed from the transaction of 15th July 2010

23rd July 2010, paid Shs. 65,000 by cheque for the motor van bought earlier on credit

29th July 2010, paid Shs. 20,000 cash for the stock bought on credit

Required:

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

- (b) Explain **five** reasons why upward communication should be encouraged in an organization.
(10 marks)

3. (a) On 1st March 2020, Yawa had cash in hand shs. 7,800 and a bank overdraft of shs 23,400. During the month of the following transaction took place.

March 3: Cash sales sh. 6500 paid directly into the bank.

March 4: Bought goods for sh. 15,000 by cheque.

March 6: cash sales sh. 50,000

March 9: Received a cheque for sh. 18,000 from Amolo in full settlement of his account of sh. 20,000.

March 13: Paid insurance premiums sh. 16,000 in cash.

March 14: Paid Kimotho by cheque sh. 9,700 in full settlement of his debt of sh. 10,000.

March 17: Cash sales sh. 150,000 paid directly into the bank.

March 21: Withdrew shs. 30,000 from bank for office use.

March 23: Received a cheque of sh. 23,750 from Rotich after having deducted 5% cash discount.

March 25: Paid wages shs. 20,000 in cash.

March 26: The cheque received by Amolo was dishonoured.

March 30: Banked all cash except sh. 3,000.

Required: Prepare a three-column cashbook. (10mks)

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

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

BUSINESS STUDIES

565/2

PAPER 2

FORM FOUR (4)

TIME 2½Hrs

KCSE TOP PREDICTION MASTER CYCLE 6

INSTRUCTIONS TO CANDIDATES

- This paper consists of six questions
- Answer any FIVE questions
- Write your answers in the answer sheet provided
- All questions carry equal marks

1. a) Labour is an important factor of production. Explain five barriers that may hinder its mobility as a factor of production. (10 marks)

b) Explain five circumstances under which a high population growth may be desirable to a country. (10 marks)

2. a) Explain five factors that influence the amount of money held by an individual for transactionary motive. (10 marks)

b) Manufacturers distribute their products to the final consumers through various channels. Explain five factors considered when choosing a particular channel of distribution. (10 marks)

3. a) On 1st June 2008 Happy Traders had cash in hand shs.5000 and cash at Bank shs7500. The following transactions took place during the month.

June 2: Bought goods in cash sh750

June 4: Paid salaries by cash shs. 3750

June 5 Received cheques from the following debtors after allowing 2% discount in each case, Kamau sh. 490, Jane sh. 980.

June 8: Paid the following accounts by cheque in each case deducting a 5% discount Otieno sh.1,500, Wanjiku sh.600.

June 12: Bought office machinery by cheque shs.2,500

June 20: Withdrew cash sh.500 for private use.

June 25: Cash sales sh.1000

June 26: Banked cash amounting to sh.500

June 29: Received shs.1,500 cash from Wanjohi a debtor.

Required: Prepare a three column cash book duly balanced. (12 marks)

b) Explain four reasons why the Government imposes tax on its Citizens. (8 mks)

4. (a) Outline five differences between a parastatal and a co-operative society (10mks)

(b) The table below shows the age distribution of a country.

Age (year)	%
0-15	45
16-55	31
56 and above	24

Explain five negative economic implications of this age distribution to a country (10mks)

5. (a) Describe the procedure that should be followed when taking an insurance policy **(10mks)**

(b) Zeraki Investment operates a wholesale business and the following information relates to various transactions during the month of May, 2019.

- May 3 sold goods on credit to Anyimba sh 60,000
- 8 purchased goods on credit from Mjuaji stores sh 120,000
- 12 returned goods bought on credit from Mjuaji stores sh 6,000
- 16 purchased goods on credit from Mjuaji stores sh 160, 000
- 22 sold goods on credit to Mafala retailers sh 150,000
- 23 bought a new motor vehicle from Mashariki motors worth sh 3,200,000 on credit
- 24 Anyimba returned goods worth sh 10,000 to the business
- 29 sold equipment worth sh 840,000 on credit to Chap Chap limited.

Record these transactions into Zeraki investment books of original entry. **(10mks)**

6. a) Motorcycles have become a common feature in transport in Kenya. Outline **five** reasons that explain the rapid growth of motorcycle transport in Kenya

(10 mks)

b) Explain FIVE reasons for the existence of small firms despite competition from large scale firms **(10mks)**

565/2
BUSINESS STUDIES
PAPER 2
Time: 2½ hours

KCSE 2023 TOP PREDICTION MASTER CYCLE
7

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

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

Instructions to candidates.

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. This paper consists of 6 questions. Answer any five questions.
4. All answers should be written in the answer booklet provided.
5. Candidates should check the question paper to ascertain that all the questions are printed.
6. All questions should be answered in English.

For official use only.

Question	1	2	3	4	5	6
Marks						

TOTAL

1. a) Explain **five** reasons for the popularity of using internet in product promotion. (10mks)

b) Explain **five** services that the central bank of Kenya may offer to commercial banks. (10mks)

2. a) Explain **five** trends in business ownership. (10mks)

b) On 1st April 2020, Kifaru traders had the following balances:

Bank 15,000 (CR)

Cash 25,000 (DR)

April: 3rd Paid wages in cash Ksh. 15,000

5th Bought goods worth Ksh. 750 in cash.

6th Received cheques from the following debtors after allowing a 2% discount in each Case, Roiki Sh. 980, Kombo Sh. 1960.

8th Chebe paid Kifaru by a cheque of Sh. 1,000.

11th Bought machinery by cheque for Sh. 5,000.

13th Cash sales paid directly to the bank Sh. 4000.

15th Withdrew Sh. 1,000 for private use.

20th Cash sales Sh. 20,000.

21st Banked cash amounting to Sh. 1,000.

24th A cheque received from Chebe On 8th April was dishonoured.

27th Received Sh. 3,000 by cheque from Kiko, a debtor.

30th Banked all the available cash except Sh. 1,000.

Prepare Kifaru Traders three column cash book for the month of April, 2020. (10mks)

3. a) Explain **five** monetary policies that the Kenyan government may use to control inflation. (10mks)

b) Explain five factors to consider when choosing an office layout. (10mks)

4. a) Explain **five** factors that may limit entrepreneurial development in a country. (10mks)

b) Explain **five** negative effects of unemployment. (10mks)

5. a) Describe **four** chains of distribution that a Kenyan producer would use to sell his/her goods to South Africa. (8mks)

b) The following Trial balance was prepared from the books of Nerea traders as at 31st December 2015.

Nerea Traders

Trial Balance.

As at 31st December 2015.

Particulars	Dr. Sh.	Cr. Sh.
Sales		900,000
Purchases	600,000	
Returns	80,000	20,000
Carriage Inwards	40,000	
Carriage Outwards	3,000	
Stock (January 2015)	100,000	
Rent.	60,000	
Creditors		170,000
Debtors	120,000	
Interest on loan	18,000	
General expenses	7,000	
Capital		178,000
Fixed assets	240,000	
	<u>1,268,000</u>	<u>1,268,000</u>

Additional Information.

Stock as at 31st December was Ksh. 100,000

Required:

- i) Prepare a Trading profit and loss account for the period ended 31st December 2015.
- ii) Calculate:
 - a) Return on capital employed.
 - b) Current ratio.
 - c) Rate of stock turnover.

(12mks)

6. a) Explain **five** circumstances under which a country may restrict international trade. (10mks)
- b) Explain five types of direct taxes. (10mks)

NAME: INDEX NO:

SIGNATURE:,..... DATE :

BUSINESS STUDIES

PAPER 2

FORM FOUR

TIME:2 HOURS

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 **6** questions.
- (d) Answer **ANY FIVE** questions in the spaces provided
- (e) This paper consists of **3** 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 Teacher's Use Only

Question	Maximum Score	Candidate's Score
	20	
	20	
	20	
	20	
	20	
	Total Score	

1. a) Explain **five** methods used by central bank to increase money supply in the economy. (10mks)
- b) Discuss **five** ways in which the government can reduce unemployment levels in Kenya (10mks)
2. a) Explain **five** factors that may limit the use of containers as a method of transporting goods in a developing country. (10mks)

b) The following Trial balance was extracted from the books of Kabaka traders as at 30/6/2018.

Kabaka Traders
Trials balance as at 30/6/2021

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

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

Required:

Prepare Kabaka Traders Trading profit and loss A/c.

- 3 a) Explain **five** advantages of government involvement in Business. (10mks)
- b) Discuss five factors that may influence entrepreneurial practices positively in the country (10mks)
4. a) Apart from selling of shares, explain **five** other sources of finance for public limited company. (10mks)

b) Explain **five** features of oligopoly.

(10mks)

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

(10mks)

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

6 a) Explain **five** methods used to distribute imported manufactured goods.

(10mks)

b) The following transactions relates to Konate Traders for the month of December 2010.

Dec 1st Started a business with sh. 200,000 in the Bank account.

2nd Bought furniture for sh, 50,000 and paid by cheque

3rd Sold goods on credit to Tilashs, 20,000; Katu 10,000

4th Bought goods on credit from Kahamash 30,000; Kanga shs. 40,000

5th Returned faulty goods to Kahamash 5,000

6th Paid Kahama on account by cheque less 10% cash discount.

7th Received faulty goods from Katushs. 2000

8th Received payment due from Tila and Katu by cheque less 5% cash discount.

9th Cash sales shs. 100,000

10th Paid for wages shs. 20,000 by cash and electricity shs.10,000 by cheque.

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

Required:

Prepare a three-column cash book duly balanced

(10mks)

NAME.....CLASS.....DATE.....

BUSINESS STUDIES

FORM FOUR

TIME:2 HOURS

KCSE TOP PREDICTION MASTER CYCLE 9

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.
- (c) This paper consist of six question.
- (d) Answer **any five** questions in the spaces provided.
- (e) Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

FOR EXAMINERS USE ONLY

Question	Candidate's score	Maximum Score
		20
		20
		20
		20
		20
TOTAL SCORE		100%

1. a) Discuss five factors that influence entrepreneurship in Kenya. *(10 marks)*
- b) Explain five monetary measures that can be taken to control inflation. *(10 Marks)*
2. a) On 1st January 2018, Sunlight enterprise had Kshs.95000 cash in hand and Kshs.125000 at bank. During the month the following transactions took place;
- 2018
- Jan 3rd; Cash sales kshs.9000 directly banked
- 5th ; Purchased goods worth kshs.19500 by cash
 - 12th; Deposited kshs.25000 into the business bank account from private sources.
 - 14th ; Obura a debtor settled his account of kshs.15000 by cash less 5% cash discount
 - 17th; Paid James kshs.3900 by cheque in full settlement of his account less 2.5% cash discount.
 - 20th; Sold goods worth kshs.13500 to Kim on credit.
 - 23rd; Settled Kamau’s account of kshs.15000 by a cheque of kshs.13500.
 - 24th; Received a cheque of kshs.28800 from Leeroy a debtor having allowed a cash discount of 4%.
 - 25th ; Paid salaries by cheque kshs.36000
 - 27th ; Bought stationery by cash Kshs.29600
 - 28th; The cheque received from Leeroy on 24th was dishonoured.
 - 30th; All cash was banked except Kshs.15000.
- Required;**
- Prepare a dully balanced three column cash book. *(10 Marks)*
- b) Explain five differences between commercial banks and Non-Bank financial institutions. *(10 Marks)*
3. a) With the aid of an appropriate diagram, Explain how the price of a commodity is determined in a free market. *(10 Marks)*
- b) Discuss five trends in forms of business units. *(10 Marks)*
4. a) Katiba enterprise is a new firm which was established recently. Discuss five factors that the marketing manager should consider in order to choose an appropriate method of promoting their product. *(10 Marks)*
- b) Describe five features of economic resources. *(10 Marks)*

5. a) The following information was extracted from the books of Chelule Traders for the year ended 31st December 2019.

ITEM	KSHS.
Capital	636,000
Salaries	95,000
Transport	16,000
Commission allowed	800
Commission received	2,800
Rent income	72,000
Gross profit	326,000
Insurance	92,000
Power & Lighting	2,500
Discount received	1,200
Machinery	800,000
Furniture	150,000
Debtors	35,000
Creditors	17,000
Cash at Bank	89,700
Cash in hand	74,000
Advertising	4,500
N.I.C Bank loan	320,000
Discount allowed	500

Stock on 31st December 2019 was valued at Kshs.15,000

Required;

- Prepare Chelule Traders profit and loss account for the year ended 31st Dec 2019. *(7 Marks)*
- Extract a balance sheet as at 31st Dec 2019. *(5 Marks)*

b) Poor services delivery in most counties is caused by inappropriate utilization of public resources, explain four principles that should guide public expenditure in order to improve service delivery. *(8 Marks)*

6. a) Discuss five characteristics of perfect competitive market . *(10 Marks)*

b) Explain five reasons why some countries engage in trade restriction. *(10 Marks)*

NAME.....

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

BUSINESS STUDIES

PAPER 2

FORM FOUR

TIME:2 HOURS

KCSE TOP PREDICTION MASTER CYCLE 10

Instructions to candidates

- a) Write your name in the spaces provided.
- b) The paper consist of Six questions
- c) Answers any **Five** questions in the spaces provided.
- d) All questions carry equal marks
- e) Non programmable electronic calculator may be used.
- f) Candidates should answer questions in English.

1. a) Explain **Five** factors that one needs to consider when selecting an office layout. **(10Mks)**
- b) Outline **Five** measures that may be taken by the Kenyan government to promote her exports. **(10Mks)**
2. a) There has been a general rise in prices of consumer goods and services in Kenya. Explain **Five** negative effects of this trend. **(10 Mks)**
- b) Highlight **Five** measures that the Kenyan government has put in place to facilitate an efficient road transport. **(10Mks)**
3. a) Explain **Four** ways in which the government may positively influence / attract business activities to a given area. **(8Mks)**
- b) The following trial balance was extracted from the books of Daisy Traders as at 31/12/2021.

**Daisy Traders
Trial Balance
As at 31st December 2021**

A/C NAME	DR (Shs)	CR (Shs)
Purchases & Sales	275,000	390,000
Stock (1/1/2021)	30,000	
Debtors	47,000	
Commission		36,000
Returns	10,000	6,000
Carriage inwards	16,000	
Carriage outwards	8,000	
Bad debts	3,000	
Wages	20,000	
Rates	12,000	
Buildings	450,000	
Furniture	180,000	
Bank overdraft		210,000
Insurance	19,000	
Discounts	5,000	7,000
Drawings	25,000	
Creditors		52,000
Cash at bank	250,000	
Cash in hand		
Capital	40,000	689,000
	1,390,000	1,390,000

Additional information:

Stock was valued at Sh.50,000 as at 31ST/12/2021.

Required:

- I. Prepare Daisy Traders, Trading, profit and loss Account for the year ended 31/12/2021. (7Mks)
 - II. Balance sheet as at 31/12/2021. (5Mks)
4. a) Co-operative societies have become very popular today. Discuss **Five** features of a co-operative society. (10Mks)
- b) With the aid of a diagram, explain the effect of an increase in consumers' level of income on the equilibrium price and quantity. (10Mks)
- 5.a) Explain Five circumstances under which a country may experience low levels of national income. (10Mks)
- b) Explain Five ways in which insurance industry contributes to the development of a country's economy. (10Mks)
6. a) Explain **Five** measures that can be taken to reduce the level of unemployment. (10Mks)
- b) Zakayo Traders had the following balances on 1st July 2012.

	SHS.
Equipment	5,600
Bank	35,000
Debtors	28,000
Creditors	66,600

During the month the following transactions took place:

July 6TH – Purchased goods worth Sh.9,500 by cheque.

July 7TH – Paid creditors, Sh. 10,600

July 23RD – Received a cheque of Sh.22,00 for goods sold.

July 28TH – Withdrew Sh. 5,000 from the bank to pay salaries.

Required:

Open the relevant ledger accounts and extract a trial balance as at 30TH July, 2012. (10Mks)