

BUSINESS PAPER 1

EXPECTED QUESTIONS IN KCSE

**Comprises 6 KCSE prediction set exams
(Class of KCSE March 2022).**

**For Marking Schemes Contact Mr Machuki
0795491185**

Kenya Educators Contacts:

+254795491185

kenyaeducators@gmail.com

**For More e-learning resources contact Kenya
Educators via the contacts above.**

PREDICTION 1

Name: _____ Index No: _____

School: _____ Candidate's Sign _____

Date: _____

565/1

BUSINESS STUDIES

Paper 1

Form 4 2021

Time: 2 Hours

Instructions to Candidates:

- (a) Write your name, index number and school in the spaces provided above.
- (b) Sign and write the examination date.
- (c) Answer all the questions in the spaces provided.
- (d) Ensure all the pages are printed.

QUESTIONS

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

2. List four characteristics of money. (4marks)

3. Give four assumptions that are associated with perfect competition. (4marks)

4. State four ways in which a warehouse is of importance to a manufacturer. (4marks)

5. Outline four factors that an entrepreneur should consider before setting up a manufacturing business. (4marks)

6. Given the statement in the table below; indicate the type of entry to be made in the relevant ledger accounts. (4marks)

Statement	Types of Entry
i) An increase in revenue	
ii) A decrease in an asset	
iii) An increase in an expense	
iv) A decrease in liability	

7. Below are some entries in the cash book of Romano Traders for the month of July 2010:

Date 2010	Details	Cash(sh)	Bank (sh)	Date	Details	Cash (sh)	Bank (sh)
July 1	Bal b/d	15,000		July 1			10,000
July 6	Cash		20,000	July 6	Bank	20,000	
July 20	Sales		15,000	July 15			
July 28	Debtors	20,000		July 29	Stock		10,000
				July 31	Bal c/d	10,000	

State the meaning of the following entries: -

(4marks)

a) July 1, 2010 balance b/d, bank column, sh. 10,000

b) July 6, 2010 cash sh. 20,000 and bank sh. 20,000

c) July 28, 2010 debtors sh. 20,000

d) July 31, 2010 balance c/d sh. 10,000

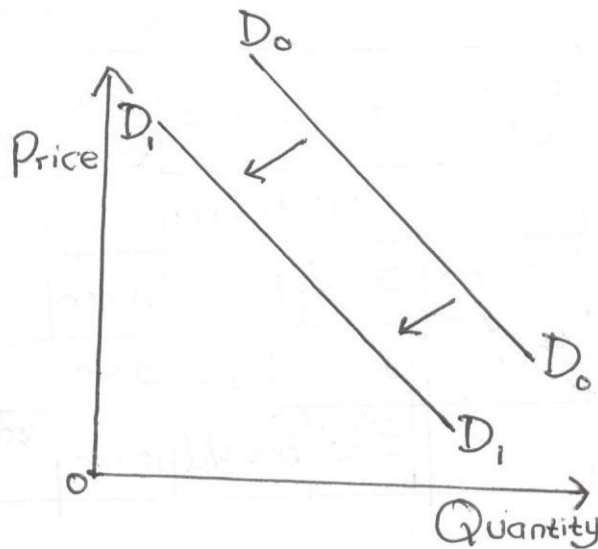
8. State four merits of promoting products through personal selling. (4marks)

9. The aggressive campaign for citizens to plan their families seems to be causing a decline in the country's population growth. Outline four possible effects on this. (4marks)

10. State four functions of commercial attaches. (4marks)

11. Wanjau started a business with sh. 60,000 as at 1st January 2010. During the year profits and additional investments were sh. 50,000 and sh. 60,000 respectively. At the end of the year, Wanjau remembered that she had taken goods for her personal use and that as at 31st December 2010, her capital was sh. 19,500. Determine the value of goods that Wanjau had taken for her personal use. (4marks)

12. The figure below shows a shift in demand curve from D_0D_0 to D_1D_1 . State four factors that may have caused the shift. (4marks)



13. Juma Munyacia sells all his goods at 25% above cost. His books gave the following information as at 31st December 2004.

	<u>Sh</u>
Stock 1 st January 2004	98,720
Stock 31 st December 2004	126,000
Sales for the year	600,000

Calculate the profit made by Munyacia (4marks)

14. State four types of source documents. (4marks)

15. Prepare the balance sheet of Baraka traders from the following list of balances extracted from his books as at 31st December 2005. (4marks)

	<u>Sh</u>
Machine	150,000
Motor vehicles	200,000
Stock	40,000
Creditors	25,000
Loan from KCB	100,000
Bank	20,000
Furniture	7,000
Capital	292,000

16. Outline four factors that promote the level of national income in a country. (4marks)

17. Highlight four adverse effects of production activities on the environment and community health. (4marks)

18. Mention four circumstances under which an insurance company may re-insure. (4marks)

19. State four elements of communication process. (4marks)

20. In the absence of a written partnership agreement, the provision of the partnership Act will apply. State four such provisions. (4marks)

21. Highlight four features of open-air market trading. (4marks)

22. State four emotional qualities of an office worker. (4marks)

23. State four features of indirect production. (4marks)

24. Outline four factors that may limit the use of containers as a method of transporting goods. (4marks)

25. Describe four characteristics of services. (4marks)

PREDICTION 2

NAME DATE

INDEX NO. CANDIDATE'S SIGNATURE

565/1
BUSINESS STUDIES
PAPER 1
TIME: 2 HOURS

Kenya Certificate of Secondary Education

INSTRUCTIONS TO CANDIDATES

Answer all the questions in spaces provided.

FOR EXAMINERS USE ONLY

QUESTIONS	1	2	3	4	5	6	7	8	9
MARKS									

10	11	12	13	14	15	16	17	18

19	20	21	22	23	24	25

TOTAL MARKS

--

*This paper consists of 6 printed pages.
Candidates should check to ensure that all pages are printed as indicated and no questions are missing*

Turn over

1. State four factors that you would consider before extending credit facilities to a customer. (4 Marks)

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

2. Give four characteristics of human wants. (4 Marks)

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

3. The following information relates to businesses W, X, Y and Z. (4 Marks)

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

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

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

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

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

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

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

6. State four merits associated with internal borrowing. (4 Marks)

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

(iv).....

7. What four measures would you advise the government of Kenya to apply so as to curb the inflationary tendencies the country is currently experiencing? **(4 Marks)**

(i).....

(ii).....

(iii).....

(iv).....

8. State four factors that may influence the price elasticity of demand of a commodity. **(4 Marks)**

(i).....

(ii).....

(iii).....

(iv).....

9. State four possible factors that may contribute to a case of an abnormal demand curve. **(4 Marks)**

(i).....

(ii).....

(iii).....

(iv).....

10. The data below relates to Kimeu's business as at 31st Dec 2010. **(4 Mark)**

	Shs
Capital as at 1 st Jan 2010	100,000
Additional investment in the year	40,000
Profit realized in the year	25,000
Drawings made in the year	45,000
Determine Kimeu's capital as at 31 st Dec 2010	

11. State four features of labour as a factor of production **(4 Marks)**

(i).....

(ii).....

(iii).....

(iv).....

- 12.** The table below shows descriptions relating to some documents used in home trade. Name the document fitting the description. **(4 Marks)**

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

- 13.** Outline four reasons why governments participate in business. **(4 Marks)**

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

- 14.** State four features of an oligopolistic type of Market. **(4 Marks)**

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

- 15.** The following information relates to Blue star traders in the year 2009.

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

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

Enter these transactions in the relevant ledger accounts.

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

-
-
-
-

17. Under what four circumstances would a producer opt to sell his goods directly to his customers?

(4 Marks)

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

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

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

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

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

(4 Marks)

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

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

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

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

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

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

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

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

ORDINARY SHARE	PREFERENCE SHARE
(i)	(i)
(ii).....	(ii).....
(iii).....	(iii).....
(iv).....	(iv).....

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

(4 Marks)

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

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

PREDICTION 3

NAME:.....

ADM NO.....

SCHOOL:.....

DATE

BUSINESS STUDIES (565/1)

FORM 4 PAPER 1

Time: 2 Hours

KCSE PREDICTION 3

INSTRUCTIONS TO CANDIDATES

1. Write your name and Admission number in the spaces provided above
2. Answer all questions

1. State the unit of carriage for each of the following modes of transport 4mks)

Mode of transport	unit of carriage
Porterage	_____
Cartage	_____
Sea	_____
Air	_____
2. Outline four elements of demographic environment that may influence the operation of a business. (4 marks)

3. State four reasons why consumers have to make choices between competing wants. (4marks)

4. In the spaces provided below, indicate the type of utility created by each of the following business activities

<u>Business activity</u>	<u>Type of utility</u>	(4marks)
Selling face masks to customers –		
Transporting onions-		
Storing onions in a granary-		
Making a camera-		

5. Outline four circumstances under which deferred payment may be used (4marks)

6. State four advantages of transacting business through the internet. (4marks)

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

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

Margin 25%

Expenses 15% of sales

Determine

i) Gross profit
(1mark)

ii) cost of sales
(1mark)

iii)Purchase for the year
(1mark)

iv)Net profit
(1mark)

8 For each of the following transactions indicate the account to be debited and credited.4 marks

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

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

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

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

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

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

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

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

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

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

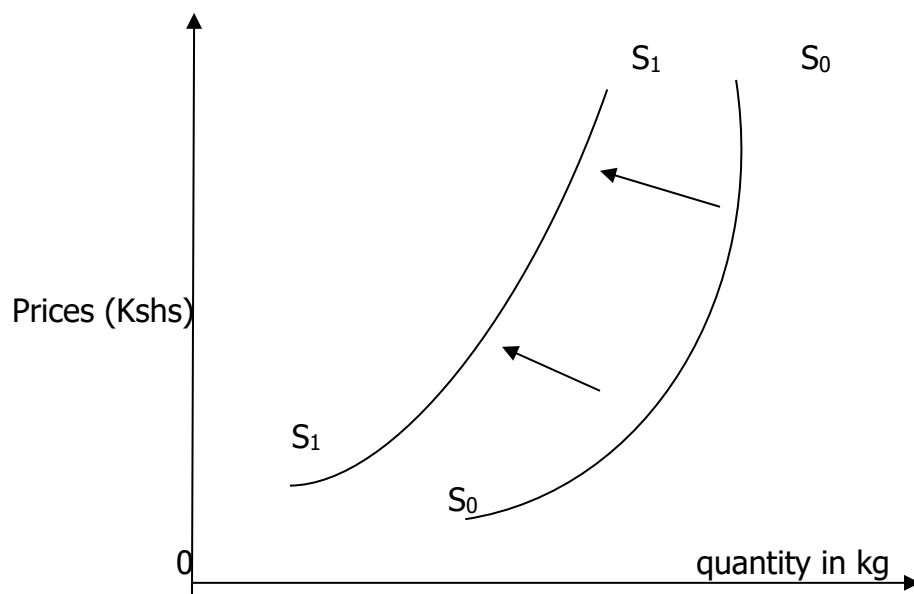
18. The following information was extracted from the books of Amani traders on 31st
Dec 2010

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

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

\

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



State four factors that may account for the above shift.

(4marks).

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

21. State four circumstances under which a customer would prefer to be paid by a banker's cheque.
(4 marks)

22. outline four benefits of becoming a member of a savings and credit cooperative society.(SACCO).
(4marks)

23 Highlight four methods used by a monopolistic firm to differentiate products.(4marks)

24.State four circumstances under which a business firm may use photocopying as a means of reproducing documents.
(4 marks)

25. Apart from government borrowing, outline four other sources of government revenue.
(4marks)

PREDICTION 4

Kenya Certificate of Secondary Education.

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

Name: Adm No.: Class

Candidate's Signature: Date:

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) 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 9 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 Teacher's Use Only

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
MARKS**

--

1. List **four** functions of the entrepreneur as a factor of production. (4 marks)

.....

.....

.....

.....

.....

2. State **four** circumstances under which the capital of a business may change. (4 marks)

.....

.....

.....

.....

.....

3. Outline **four** disadvantages of operating a partnership form of business. (4 marks)

.....

.....

.....

.....

.....

4. State **four** factors that can hasten the economic development of a country. (4 marks)

.....

.....

.....

.....

.....

5. State **four** services rendered by a wholesaler to a retailer. (4 marks)

.....

.....

.....

.....

.....

6. State **four** advantages of containerization as a mode of transport. (4 marks)

.....

.....

.....

.....

.....

7. Highlight **four** uses of journals in a business. (4 marks)

.....

.....

.....

.....

.....

8. Outline **four** functions of the office in an organization. (4 marks)

.....

.....

.....

.....

.....

9. In the spaces provided, indicate with a (✓) whether each of the following transactions will increase, decrease or have no effect in the balance sheet totals. (4 marks)

Transaction	Increase	Decrease	No effect
a). Buying stock on credit			
b). Drawing cash from the business bank account for personal use			
c). Buying stock in cash			
d). Paying a creditor by cheque.			

10. State **four** problems that may interfere with the effectiveness of face to face communication. (4 marks)

.....

.....

.....

.....

.....

11. State **four** sources of Government revenue for development expenditure. (4 marks)

.....

.....

.....

.....

.....

12. Highlight **four** ways in which a firm can improve the productivity of its human resource. (4 marks)

.....

.....

.....

.....

13. State **four** reasons why some countries are reluctant in implementing free trade agreement. (4 marks)

.....

.....

.....

.....

14. In which **four** ways are consumers benefiting from warehousing. (4 marks)

.....

.....

.....

.....

15. Record the following transactions in ledger accounts. (4 marks)

- a) Received Sh 12,000 cash in respect to rent paid by Mary, a tenant.
- b) Purchased goods worth Sh. 120,000 on credit from Gilanis supermarket.

.....

.....

.....

.....

.....

.....

.....

16. Highlight **four** factors that have limited the use of credit cards in Kenya. (4 marks)

.....

.....

.....

.....

.....

17. State **four** specific duties performed by commercial attachee's in foreign offices. (4 marks)

.....

.....

.....

.....

.....

18. The following information was extracted from the books of Mama mboga grocery.

Rate of stock turnover	3
Opening stock	180,000
Closing stock	200,000
Mark up	20%

Determine the Gross profit. (4 marks)

.....

.....

.....

.....

.....

.....

.....

19. State **four** reasons why new industries tend to be attracted to well- established towns. (4 marks)

.....

.....

.....

.....

.....

20. Highlight **four** factors that should be considered in choosing a method of distributing agricultural produce. (4 marks)

.....

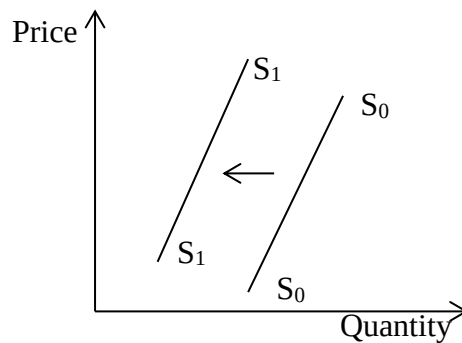
.....

.....

.....

.....

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



- Identify **four** factors that could have made the supply curve to shift from S_0S_0 to S_1S_1 . (4 marks)

.....

.....

.....

.....

22. Outline **four** ways in which the insurance industry contributes to the development of Kenya's economy. (4 marks)

.....

.....

.....

.....

23. Highlight **four** functions of the Central bank of Kenya. (4 marks)

.....

.....

.....

.....

.....

24. Outline **four** negative effects of an ageing population to an economy. (4 marks)

.....

.....

.....

.....

.....

25. Prepare a trial balance from the following balances extracted from the books of Soi Traders on 31st December, 2020. (4 marks)

	Sh.
Capital	947,470
Cash	74,000
Premises	870,000
Debtors	36,520
Creditors	45,300
Stock	12,250

.....

.....

.....

.....

.....

PREDICTION 5

Name.....Index number.....

Candidate's signature..... Date.....

565/1

BUSINESS STUDIES

Paper 1

2 Hours

KCSE PREDICTION 5

Kenya Certificate of Secondary Education (KCSE)

INSTRUCTIONS TO CANDIDATES

- Write your name and index number in the spaces provided above.
- Sign and write the date of examination.
- Answer all the questions in the spaces provided.

For examiners use only

QUESTION	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
MARKS																	

QUESTION	18	19	20	21	22	23	24	25
MARKS								

TOTAL MARKS

--

*This paper consists of **11** printed pages. Candidates should check the question paper to ensure that all the pages are printed as indicated and no questions are missing.*

Answer ALL questions in the spaces provided.

1. Identify **four** difficulties that may make an individual not to satisfy most of his needs.

(4 marks)

- a).....
.....
- b).....
.....
- c).....
.....

2. Highlight **four** characteristics of free resources. (4 marks)

- a).....
- b).....
- c).....
- d).....

3. Outline **four** measures that can be taken to improve the efficiency of parastatals in Kenya.

(4 marks)

- a).....
.....
- b).....
.....
- c).....
.....
- d).....
.....

4. State **four** factors that would influence the amount of money held by an individual for transaction purposes.

(4 marks)

- a).....

 b).....

 c).....

 d).....

5. State **four** measures that the government may employ to regulate and control business activities. (4 marks)

- a).....

 b).....

 c).....

 d).....

6. Given below are books of original entry, state the source document used to prepare each of the books. (4 marks)

Books	Source document
(i) Cash book	
(ii) Sales journal	
(iii) Purchase journal	
(iv) Sales return journal	

7. Post the following transactions to the relevant ledger accounts.

- a) Started business by depositing in the bank a cheque of shs. 100,000.

- b) Withdrew Kshs. 20,000 cash from the bank for business use.
- c) Tumanka a debtor paid shs. 40,000 cash.
- d) Took shs.10, 000. from cash till for personal use.

(4mks)



8. Identify **four** ways through which manufacturers protect the consumers against exploitation. (4 marks)

- a).....
-
- b).....
-
- c).....
-
- d).....
-

9. List **four** sources of monopoly power for a firm in a market. (4 marks)

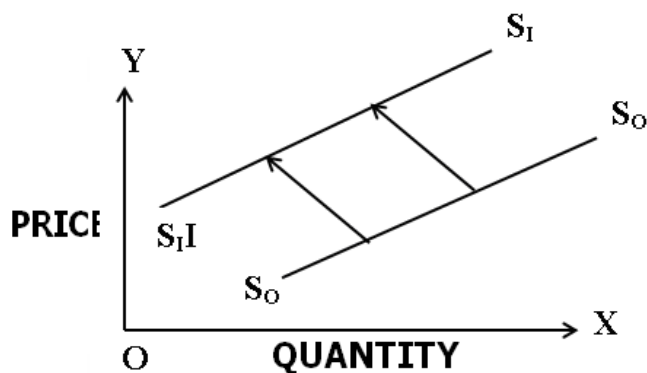
- (i).....

- (ii).....
- (iii).....
- (iv).....

10. Outline any **four** benefits of “pooling of risks” to insurance company. (4 marks)

- a).....
-
- b).....
-
- c).....
-
- d).....
-

11. The diagram below shows a supply curve S_0S_0 and $S_I S_I$.



Highlight **four** factors that account for the above phenomena.

(4 marks)

- a).....
-
- b).....
-
- c).....
-
- d).....
-
12. Highlight **four** roles played by inter-mediaries in the chain of distribution. (4 marks)
- a).....

.....
b).....

.....
c).....

.....
d).....

.....
13. Outline **four** uses of national income statistics (4 marks)

i).....

ii).....

iii).....

iv).....

14. Highlight **four** methods that can be used by a country to solve the problem of deficit
balance of payment. (4 marks)

i).....

ii).....

iii).....

iv).....

15. Outline **four** positive implications of high population growth rate in a country.(4 marks)

a).....

.....
b).....

.....
c).....

.....
d).....

.....
16. Highlight **four** reasons why hypermarkets are increasingly becoming popular in Kenya.
(4 marks)

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

17. For each of the following transactions, indicate with a tick (✓) whether it will increase, decrease or have no effect on the balance sheet totals. (4 marks)

Transaction	Effect on the balance total		
	Increase	Decrease	No effect
(i) Borrowing sh 20,000 from bank for paying creditors			
(ii) Used sh 10,000 cash pay for loan arrears			
(iii) Sale of part of business premises			
(iv) Sale of goods worth sh 5,000 for sh 4,500			

18. Outline **four** circumstances under which personal selling is appropriate. (4 marks)

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

19. State **four** disadvantages of localization to a developing country (4 marks)

- a)
- b)
- c)
- d)

20. The following information relates to NtutuTraders

Purchases sh 2,700,000
Return outwards sh 600,000

Closing stock	sh 500,000	
Opening stock	sh 1,200,000	
Margin	$\frac{2}{9}$	

Calculate (i) Cost of sales (2 marks)

.....

.....

.....

(ii) Gross profit (2 marks)

.....

.....

.....

21. State the meaning and significance of the following terms used in international trade.

(i) Depreciation of the currency of
country.....

(ii) Determination of the terms of trade of a
country.....

(iii)
Traderestrictions.....

(iv) Common market.....

22. Outline **four** advantages of a business using E-mail in communication. (4 marks)

a)

b)

c)

d)

23. Outline **four** economic conditions that would prevail in a country undergoing inflation. (4 marks)

a)

- b)
- c)
- d)

24. Indicate in the spaces provided whether the following taxes are either direct taxes or indirect taxes. (4 marks)

Tax	Types of tax
Corporation tax	_____
Capital gain tax	_____
Value added tax	_____
Income tax	_____

25. Indicate in the spaces provided, the account to be debited and account to be credited. (4 marks)

Transaction	Account Debited	Account Credited
(a) Started business by depositing sh 80,000 in the bank account of the business		
(b) Bought stock of goods worth sh 20,000 from XYZ retailers on credit.		
(c) Returned goods worth sh 4,000 to XYZ retailers		
(d) Paid XYZ retailers' sh 15,000 cheque		

PREDICTION 6

NAME.....ADM NO:

SCHOOL..... INDEX NUMBER.....

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

KCSE PREDICTION 6

Kenya Certificate of Secondary Education

565/1

BUSINESS STUDIES PAPER 1

INSTRUCTIONS TO STUDENTS

- Write your name admission number in the spaces provided above
- This paper contains 25 questions. Check the question paper to ascertain all pages and questions are there. Write your answers in the spaces provided
- Answer all questions in English

QUESTION	1	2	3	4	5	6	7	8	9	10	11	12
MARKS												

13	14	15	16	17	18	19	20	20	22	23	24	25

--

This paper consists of 8 printed pages. Candidates should check the question paper to ascertain that all pages are printed as indicated and that no pages are missing.

1. Amina complains to her friend that these days she is finding it increasingly hard to satisfy her needs. Give four reasons why she may be facing such a situation.
 - a)
 - b)
 - c)
 - d)
2. A resource is something that is used by a business to achieve an objective. Identify **four** resources available in a business. (4mks)
 - a).....
 - b).....
 - c).....
 - d).....
3. State **four** factors that an entrepreneur would consider before investing in a business opportunity
 - a).....
 - b).....
 - c).....
 - d)
4. The quantity demanded and supplied of a certain commodity can be expressed as $Q_d=50+20p$ and $Q_s= 20+16p$ respectively.

Find

 - i) Equilibrium price (2marks)
 - .
 - ii) Equilibrium quantity (2 marks)

5. The table below shows the growth rate of Gross Domestic product (GDP) of a certain Country for two years

Year	G.D.P
2003	4.0%
2005	6.5%

Highlight **four** circumstances under which the standards of living of the citizens of the country referred to above may not necessarily have been higher in 2005 than 2003.

(4mks)

- a)
- b)
- c)
- d)

6. Outline **four** sources of monopoly power. (4 marks)

- (a)
- (b)
- (c)
- (d)

7. State any four money transfer facilities offered by commercial banks (4mrks)

- (a)
- (b)
- (c)
- (d)

8. State four benefits of warehousing to consumers (4mrk)

- (a)
- (b)

(c)

(d)

9. Indicate the source document and the book of original entry in which each of the following transaction should be recorded (4 mrks)

No.	transaction	source	Book of original entry
a	Purchase of goods on credit		
b	Payment of cash to a creditor		
c	Sale of goods on credit		
d	Sale of fixed asset on credit		

10. The cost of consumer goods and services for a representative basket of an average family is given below.

Year	2012	2013
Prices	Kshs. 1200	Kshs .1600

Determine the increase in consumer price index using 2012 as the base year

11. Write down four differences between ordinary shares and preferential shares (4mrks)

12. Mango Traders had the following ledger account balances as at 31st December 2019.

	Ksh.
Sales	100,000
Purchases	170,000
Returns inwards	10,000
Returns outwards	20,000
Salaries	30,000
Capital	40,000
Bank loan	50,000

Prepare the business trial balance as at 31 December 2019. {4marks}

13. Outline four positive implications of a youthful population to an economy.

{4 marks}

- a)
- (b)
- (c)
- (d)

14. Outline four barriers to verbal communication

4 marks}

- a)
- b)
- c)
- d)

15. Highlight four positive impacts of physical environment on operations of a business

- a)
- (b)
- (c)
- (d)

16. Sherry traders had the following assets and liabilities as at 1st January 2004
shs

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

For the year ended 31stDecember 2004,

- i) Additional capital was shs 24,000
- ii) Drawings were shs 20,000
- iii) Net profit was shs34,000

Determine capital at 31st December, 2004

17. Give four basic characteristic features of a business idea (4 mrks)

- a)
- (b)
- (c)
- (d)

18. State four reasons why a producer may involve wholesaler in distributing products
(4 mrks)

- a)
- (b)
- (c)
- (d)

19. State four factors that determine the premiums charged by insurance companies for life policies(4 mks)

- (a)
- (b)
- (c)
- (d)

20. State four methods used in trade restrictions. (4 mrks)

- (a)
- (b)
- (c)
- (d)

21. Highlight four ways in which emergence of COVID- 19 infections negatively affected business operations in Kenya (4 mrks)

- (a)
- (b)
- (c)
- (d)

22. Write the account to debit and credit in the following transactions (4 mrks)

	transaction	a/c to debit	a/c to credit
a	Returned damaged goods to supplier		
b	Received rent by cheque		
c	Took cash for personal use		
d	Customer returned ordered goods		

23. Highlight four characteristics of labour as a factor of production (4 mrks)

(a)

(b)

(c)

(d)

24. Mention four adverse effects of inflation (4 mrks)

(a)

(b)

(c)

(d)

25. The following information relates to Kamautraders for the month of December 2019

Dec 1: sold goods for shs. 45,000 less 10% cash discount

Dec 5: bought goods worth shs 40,000 in cash and was allowed a discount of 5%

Dec 7: a debtor paid shs 20,000 in settlement of a debt of shs. 23,000 by cheque

Dec 15: sold goods shs. 20,000 on credit to Jambo traders

Dec 26: paid rent shs. 16,000 by cheque

Post the above transactions in relevant journals