

KCSE 2025 CROSS-COUNTRY MOCKS

BUSINESS STUDIES

(KCSE TRIALS 1-10)

This compilation offers a systematically arranged assemblage of simulated assessments, specifically formulated for KCSE. Each assessment is meticulously crafted to align with the curriculum requirements, thereby offering students a thorough practice experience.

CONFIDENTIAL!

For Marking Schemes

Mr Isaboke 0746 222 000 / 0742 999 000

SUCCESS TO ALL CANDIDATES

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 1**

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

Kenya Certificate of Secondary Education.**INSTRUCTIONS TO CANDIDATES:**

- a) Write your name and admission number in the spaces provided above.
- b) Sign and write the date of examination in the spaces provided above.
- c) Answer all the questions.
- d) Candidates should answer all the questions in English.

FOR EXAMINER'S USE ONLY

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

TOTAL

16	17	18	19	20	21	22	23	24	25

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Answer all the questions.

1. **State** four difficulties consumers face when satisfying human wants. (4mks)
2. **Outline** four roles played by the insurance industry in the development of business activities in the country. (4mks)
3. **Outline** four benefits that Kenya will get by making Pipeline extensions throughout the country for transporting oil products. (4mks)
4. **State** four roles of Nairobi stock exchange market in the development of the Kenyan economy. (4mks)
5. **State four** problems that may be taken by entrepreneurs without business plans. (4mks)
6. **Outline** four reasons why an ageing population may not be desirable to a country. (4mks)
7. **Highlight** four circumstances under which the government may issue licences. (4mks)
8. **Outline** four ways in which consumers are likely to suffer in situations where there is no warehousing. (4mks)
9. **State four** circumstances under which sign language may be used in carrying business activities. (4mks)
10. **Outline** four characteristics of Oligopoly market competition. (4mks)
11. **Highlight** four circumstances under which an entrepreneur may establish his business where other business already existed. (4mks)
12. **KL** traders had the following information in its books of accounts on 1st Jan 2012.

	Kshs.
Bank overdraft	38,000
Machinery	500,000
Cash at Bank	40,000
Capital	620,000
Cash at hand	100,000
Stock	30,000
Debtors	38,000
Creditors	50,000

For the year ended 31st Dec 2012, the following information was available

- (i) Sold all the stock for Ksh 60,000 and received the amount by cheque.
- (ii) Bought into the business cash from a private source 200,000/=

Required

Draw a balance sheet as at 31.12.2013

13. **Outline** three unethical issues in product promotion. (3mks)

14.The following information was extracted from the records of Mn traders for the month of January 2010.

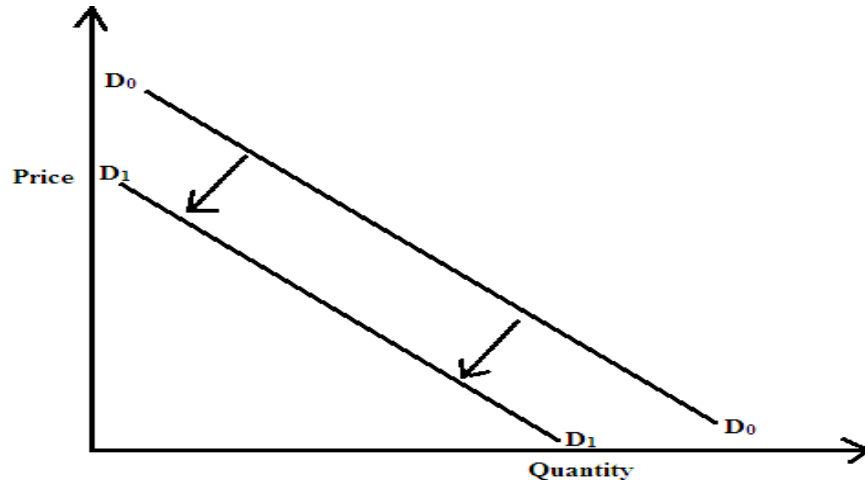
- (i) January 2: Bought Motor Car on credit from Kizito Limited worth Sh. 150,000
- (ii) January 5: Sold an old type write to Shan traders on credit worth sh 40,000
- (iii) January 10: Sold furniture whose bank value was Sh. 20,000 for 25,000 on credit to Patel Enterprise.

Required:

Prepare the relevant book of original entry.

(4mks)

15.The diagram below show a shift in the demand curve of a commodity from D_0D_0 to D_1D_1 .



Outline four factors that may have contributed to the above shift.

(4mks)

16.Yu traders had the following information in its records.

	Shs
Creditors	45,000
Debtors	70,000
Opening Stock	50,000
Purchases	300,000
Sales	600,000
Closing Stock	20,000

Calculate:

- (i)Gross Profit **(1mk)**
- (ii)Margin **(1mk)**
- (iii)Current ratio **(1mk)**
- (iv)Rate of stock turnover **(1mk)**

17.State four reasons for the population of motor cycles as a means of transport. **(4mks)**

18.Outline four characteristics of Money **(4mks)**

19.Highlight four circumstances under which a manufacturer may opt to sell his products directly to the consumers rather than through intermediaries. **(4mks)**

20. Use the cash book below to state the transactions that took place on 2nd, 5th, 6th and 7th of May 2010. **(4mks)**

Date	Detail	folio	Cash	Bank (sh)	Date	Details	folio	Cash(sh)	Bank (sh)
2010 may 1	Bal		100,000	250,000	2010 may 2	Creditors			30,000
	Bank James	C	20,000	11,000	3	Rent		4,000	
5					5	Cash	C		20,000
				261,000	6	Drawing		12,000	
7	Bal	b/f	120,000	<u>211,000</u>	8	s	c/f	104,000	211,000
			<u>104,000</u>			Bal		<u>120,000</u>	<u>261,000</u>
			<u>0</u>						

Transactions :

- (i) 2nd -
- (ii) 5th -
- (iii) 6th -
- (iv) 7th -

21. In March 1st 2013, KK Traders had Kshs. 50,000 cash at hand and Kshs, 400, 000 during the month 2nd settled its account with Uhuru traders of kshs 30,000 by cheque less 5% cash discount. 3rd Received Kshs 2,500 from Jane a debtor in cash housing deducted 5% cash discount. Required: make entries in a three column cash book. **(4mks)**

22. Outline four reasons that make it necessary for a country to get involved in development planning.

23. State three factors that affect the circular flow of national income. **(3mks)**

24. State three circumstances under which the seller may issue a credit note to the buyer. **(3mks)**

25. Open ledger accounts using the following information. **(4mks)**

On 1st Jan 2012 started business with Ksh 50,000 in cash

On 2nd Jan 2012 bought goods on credit from ML traders worth Kshs 5000.

On 3rd Jan 2012 paid ML Kshs 3000 in cash

On 4th paid salaries Kshs 10,000 in cash

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 1**

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

NAME.....

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FOR EXAMINERS USE ONLY

QUESTION	1	2	3	4	5	6	TOTAL
MARKS							

Answer any **five** questions

1. (a) Explain **Five** factors that hinders entrepreneurial practices in Kenya today. (10mks)
- (b) Outline **Five** differences between a public corporation and a private limited company. (10mks)
2. (a) The following Trial balance was extracted from the books of **Isaboke Traders** on 30th may 2023.

ISABOKE TRADERS

Trial Balance

As at 30th May 2023

Name of Account	Dr (Shs)	Cr (Shs)
Sales and purchases	21,000	221,000
Returns	4,000	8,000
Carriage inwards	3,500	
Carriage outwards	4,200	
Stock (1/05/2023)	10,000	
Discount	7,000	9,600
Electricity	4,500	
Wages	8,600	
Premises	300,000	
Debtors and Creditors	13,500	40,500
Cash at bank	47,800	
Capital		145,000
Returns		
	<u>424,100</u>	<u>424,100</u>

Additional information:

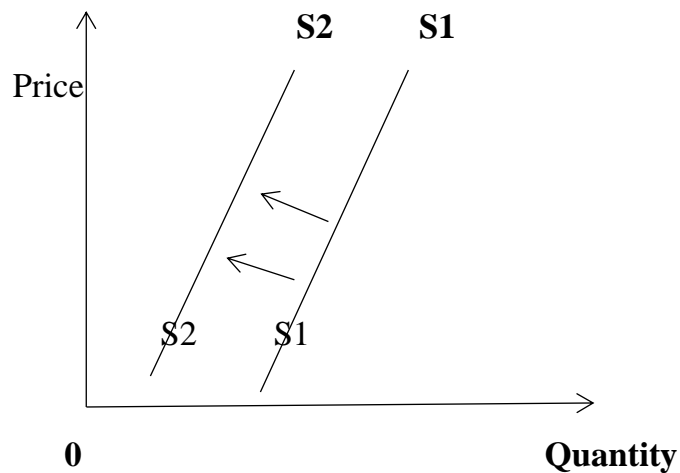
Closing stock was valued at shs 7,000.

Prepare : i) Trading, profit and loss Account for the year ending 30th may 2023. (8mks)

(ii) balance sheet as at 30th may 2023.

(b) Highlight **four** documents that are sent to the seller by the buyer in home trade. (8mks)

3. (a) The diagram given below shows changes in the supply curve.



Explain **five** factors that may have led to the change from S1S1 to S2S2. (10 mks)

(b) Explain **five** functions of commercial banks. (10mks)

4. (a) Explain **five** limitations of using billboards as medium of advertising. (10mks)

(b) Explain **five** significance of warehousing to the consumers. (10mks)

5. (a) The following balances were extracted from **KIVU MERCHANTS** books of accounts on January 2017;

Motor vehicles	250, 000
Furniture	8, 000
Stock	37, 000
Debtors	20, 000
Cash at bank	15, 000
Cash in hand	5,500
ADC loan	100, 000
Creditors	12, 000
Capital	224, 000

The following transactions took place during the month.

January 1 deposited an additional shs.30, 000 from private sources into the business bank account.

January 5 issued a cheque for shs. 8, 000 to ADC bank which was honoured by the bank.

- “ 10 sold goods whose cost was shs.3, 500 at shs.7, 000 and received the proceeds by the cheque.
- “ 15 bought a new motor vehicle worth shs.50, 000 having borrowed an additional loan from ADC bank.
- “ 17 took goods worth shs. 1,200 to be used by his family.
- “ 20 sold one of the old motorvehicles whose book value was shs.27, 000 at shs. 22,000 on credit.
- “ 25 received cash shs.15, 000 from a debtor.
- “ 29 paid a creditor by cheque shs.8, 500
- “ 30 bought more goods on credit worth shs. 3,200

Required: Prepare **KIVU MERCHANT’S** balance sheet as at 30th April 2017. (10mks)

(b) Outline **five** reasons why mobile phones (cell phones) have become popular means of communication. (10mks)

6 (a) Explain **five** negative effects of inflation. (10mks)

(b) Explain **five** reasons why a country may experience balance of payments disequilibrium. (10mks)

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 2**

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

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SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

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TOTAL

16	17	18	19	20	21	22	23	24	25

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Answer all the questions.

1. **Highlight four** benefits of using MPESA or AIRTEL MONEY services (4marks)
2. **State four** consequences that may arise due to poor arrangement of goods in a warehouse. (4marks)
3. **The** inflation rate in county P moved from **5.8%** to **9.4%**. **State four positive** outcomes of this change. (4marks)
4. The following balance sheet was incorrectly prepared .

Kimbo Enterprises
Balance sheet
As at 31st October 2016

Capital		Bank overdraft 15,000	100,000
Stock	28,000	Motor vehicle	70,000
Cash in hand		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. (4marks)

5. **Highlight four circumstances** under which a manufacturer would find it necessary to carry out market research. (4marks)
6. **State four** factors that determine the amount of revenue collected by Kenyan government through taxation. (4marks)
7. Other than the use computers in an office, **mention four** recent trends in office management. (4marks)
8. Mwikali and Theuri bought a building for Ksh 12,000,000. Mwikali paid Ksh 8,000,000 while Theuri paid Ksh4,000,000. The bulding was insured for Ksh 8,000,000 against the risk of fire. Later, the building was partialy destroyed by fire to the tune of Ksh.6000,000. **Calculate** the amount of compensation that each one will receive. (4marks)

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. (4marks)

10. Highlight four guidelines that may help an entrepreneur in identifying a viable business opportunity. (4marks)

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

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

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

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

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

16. The following transactions were obtained from Kimende traders in the month of February 2017.

2nd Feb 2017. Opening balance cash in hand ksh.500,000. And cash at bank ksh.50,000.

3rd Feb. 2017. James, a debtor, paid Ksh 20,000 by cheque.

5th Feb 2017. Purchased a motor vehicle worth ksh.300,000 from shah motors and paid ksh. 200,000 in cash while the balance was to be paid later.

Required: Enter the above transaction in the relevant ledger accounts. (4marks)

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

18. Mention four circumstances under which a retailer may return goods to a wholesaler.

(4marks)

19. State four reasons why billboards are popular in product promotions.

(4marks)

20. The following balances were obtained from the books of sunset traders as at 30th June, 2023.

Stock 1 st July 2022	45,000
Purchases	159,000
Sales	235,000
Stock 30/June/2023	33,000
Capital	75,000
Return outwards	3,000
Operating expenses	13,000

Calculate:

i) Stock turnover rate.

(2marks)

ii) Return on capital.

(2marks)

21. State four ways in which legal political environment may improve business performance.

(4marks)

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

i) Producer goods and consumer goods.

(2marks)

ii) Intermediate goods and finished goods.

(2marks)

23. The following cashbook was prepared by Jomo Traders for the month of July 2016.

Jomo traders'

Cash book

Dr

Cr.

Date	Details	lf	cash	Bank	Date	Details	LF	cash	Bank
<u>2016</u>					<u>2016</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>	<u>Q</u>
				<u>170,000</u>				<u>60,000</u>	<u>R</u>

Calculate the missing figures.

(4marks)

(i) Y

(ii)P

(iii)Q

(iv)R

24. Mention four benefits that may be enjoyed in a country that is experiencing over- population.

(4marks)

25. List four fundamental elements of transport.

(4marks)

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 2**

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

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MARKS							

Answer any **five** questions

1. (a) Explain five types of unemployment that may be experienced in Kenya. **(10 marks)**
- (b) With the aid of a diagram, explain the effect of an increase in the supply of a commodity while its demand remains constant. **(10 marks)**
2. (a) On 1st January 2011, Jumo traders had Sh. 22, 500 in cash and Shs. 250,000 at the bank. During the month, the following transactions took place.
- 2nd Jan : Made cash sales for Shs. 465,200
- 5th Jan : Received a cheque for shs. 451, 250 from Kamau Traders in full settlement of their debt after allowing a 5% cash discount.
- 15th Jan : Paid Ndaru Traders Shs. 184,000 in cash after deducting a cash discount of shs. 16,000
- 20th Jan : Deposited shs. 200,000 from cash till in to the bank.
- 25th Jan : Paid wages, shs. 144,000 in cash.
- 28th Jan : Settled Mbago Trader's account of shs. 300,000 by cheque, less 15% cash discount.
- 29th Jan : Withdrew Shs. 250,000 from the bank for office use.
- 30th Jan : Deposited all the cash into the bank except shs. 59,700.
- Prepare a duly balanced three column cash book.** **(10 marks)**
- (b) Explain 5 ways in which a consumer may benefit from ware housing. **(10 marks)**
3. a) Explain five ways in which the activities in a bonded warehouse are beneficial to the government **(10 marks)**
- b) Explain any five methods that a county may put in place to prevent free movement of goods and services from other countries. **(10 marks)**
4. (a) Outline five features of good money. **(10 marks)**
- (b) Explain five activities that may be carried out in the process of distributing goods. **(10 marks)**
- 5 a) Explain any five uses of National Income Statistics **(10marks)**
- b) The following trial balance related to Tai Traders as at 31st December 2023 **(10marks)**

TAI TRADERS TRIAL BALANCE
AS AT 31ST DECEMBER 2023

Details	Dr (Ksh)	Cr(Ksh)
Stock	10,000	
Bank	3,500	
Purchases	15,000	
Sales		28,000
Returns	800	1,100
Rent		580
Insurance	950	
Creditor		450
Carriage in	1,200	
Discounts	300	1,620
	31,750	31,750

Additional information

- Closing stock was valued at Ksh 2,500
- Carriage out was Ksh 1,200

Required: Prepare trading profit and loss account.

(10marks)

6. (a) Explain any five reasons why one would prefer to transport goods on road than rail.

(10 marks)

b) On 1st January 1993 Makena started a business with sh 120,000 cash and sh 300,000 in the bank.

The following transactions were done in the month of January 1993.

- January 3: Bought goods worth sh 60,000 by cheque
- January 10: Sold goods worth sh 35,000 cash
- January 14: Bought goods worth sh 90,000 cash from Odera
- January 18: Paid wages sh 18,000 by cash
- January 20: Withdrew sh 40,000 from bank for office use.

Required;

Record the above transactions in the relevant ledger account, balance them off and extract a trial balance.

(10marks)

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 3**

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

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

TOTAL

16	17	18	19	20	21	22	23	24	25

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Answer all the questions.

1. Name four forms of economic integration. (4 marks)
2. Outline four reasons that may lead to slow growth of entrepreneurship in Kenya. (4 marks)
3. In the table given below, indicate using a tick whether each of the following factors influence demand or supply of a commodity. (4 marks)

	FACTOR	DEMAND	SUPPLY
a	Change in number of firms in the industry.		
b	Change in levels of income.		
c	Change in population.		
d	Change in cost of production.		

4. Joyce Pauline, a newly employed teacher, has joined Mwalimu Sacco in Kisumu. Outline four benefits she will get as a result of her membership. (4 marks)
5. State four factors that should be considered when choosing a method of producing documents.
6. List four types of terminals in transport. (4 marks)
7. Outline four challenges that may be faced by a country whose population is largely made up of a young population. (4 marks)
8. Highlight four reasons that make it necessary for a country to have a development plan. (4 mks)
9. The table below contains levels of production and occupations under each level. Complete the table by writing the appropriate business activity at each level. (4 marks)

LEVEL	BUSINESS ACTIVITY	OCCUPATION
Primary	(a).....	Quarrying, fishing.
Secondary	(b).....	Flour milling, oil refining.
	(c).....	Baking, textile making.
Tertiary	(d).....	Hairdressing, communication.

10. The balance sheet prepared Caldera Traders on 1st January, showed capital of Sh. 420,000.

During the year ended 31st December 2022 it was found that:-

- (a) Additional investment was Sh. 150,000.
- (b) Drawings were Sh. 130,000.
- (c) Profits realized by the business was Sh. 210,000.

Required.

Determine Caldera's capital on 31st December, 2022. (4 marks)

11. State four ways of differentiating products under monopolistic competition. (4 marks)

12. Highlight four measures that may be put in place to control demand pull inflation. (4 marks)

13. State the term given to each of the following forms of advertising. (3 marks)

	DESCRIPTION	TYPE OF ADVERTISING
a	Creates awareness of a product to potential clients about entry of the new product into the market.	
b	Promotes a particular brand of a product where the brand name features more prominently.	
c	Persuades customers to buy the product implying that the product is better than any other in the market.	

14. Highlight four ways through the government can ensure a clean environment. (4 marks)

15. State four internal economies of scale that a firm may experience. (4 marks)

16. Mazeras Traders had the following account balances as at 30th June, 2023.

Sh.	Sh.
Cash at bank.....42,600	
Furniture.....5,000	
Capital.....90,000	
Purchases.....46,000	
Sales.....40,000	Musa
(debtor).....2,650	
Advertising expense.....400	Wakesho (creditor).....1,400
Purchases returns.....600	Cash in hand.....28,000
Sales returns.....350	
Drawings.....7,000	

Required.

Prepare Mazeras Traders trial balance as at 30th June, 2023. **(5 marks)**

17. Highlight four disadvantages to a customer who operates a fixed deposit account. **(4 marks)**

18. Explain the entries on 5th and 9th in the two column cash book given below. **(4 marks)**

Date	Details	Folio	Cash	Bank		Date	Details	Folio	Cash	Bank
2023			Sh.	Sh.		2023			Sh.	Sh.
April 5	Balance		2,500			April 5	Balance			4,000
April 8	Sales		7,200			April 9	Bank	C1	6,300	
April 9	Cash	C1		6,300						

April 5th

(a) _____ **(1mark)**

(b) _____ **(1 mark)**

April 9th

(c) _____ **(2marks)**

19. Outline four advantages of mail order businesses. **(4 marks)**

20. Outline four circumstances under which the government may find it necessary to participate in business activities. **(4 marks)**

21. Outline four reasons why it is necessary to have an interviewee appear personally before an interviewing panel during job interviews. **(4 marks)**

22. Highlight four uses of a general journal. **(4 marks)**

23. The table below contains descriptions of terms used in public finance. Write the appropriate term that best fits each description. **(4 mrks)**

	DESCRIPTION	TERM USED
a	An indirect tax charged on certain goods and services produced for domestic use.	
b	A major part of government spending made to people who are not productive in economic sense.	
c	Is a tax paid to the government by individuals during sale and transfer of land and real estate.	
d	This is revenue that is borrowed to finance activities that do not generate any revenue, for example, recurrent expenditure.	

24. Highlight four characteristics of general insurance. (4 marks)
25. State four types of spending that are considered when measuring the national income of a country using expenditure approach. (4 marks)

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KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 3**

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

NAME.....

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INDEX NO..... ADM NO.....

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MARKS							

Answer any **five** questions

1. a. Explain **five** Office etiquette expected of office worker. (10 marks)

- b. Describe **five** types of unemployment. (10 marks)

2. a. Explain **five** differences between sole proprietorship and public limited company. (10 marks)

- b. The following trial balance was extracted from the books of Kiliku Enterprises on 31 December 2009.

Account Title	Dr.	Cr.
	Sh.	Sh.
Gross profit		440,000
Capital		1,530,000
Furniture	900,000	
Land	600,000	
Advertising	40,000	
Bank overdraft		100,000
Cash	340,000	
Stock	140,000	
Creditors		130,000
Debtors	180,000	
	<u>2,200,000</u>	<u>2,200,000</u>

Additional information:

- i. The gross profit of Kiliku Enterprises average at a margin of 20%
- ii. Stock on 1st January, 2009, was valued at Sh. 104,000.

Calculate:

- i) Cost of sales
- ii) The value of purchases
- iii) Rate of stock turnover
- iv) Working Capital.
- v) Current ratio

(10 marks)

3. a. Explain **five** factors that may limit the effectiveness of a warehouse. (10 marks)
- b. Explain **five** reasons for maintaining books of original entry. (10 marks)
4. a. Explain **five** factors that Siaya county government may consider before incurring any expenditure. (10 marks)
- b. Explain **five** reasons why per capita income is not a good indicator of standards of living. (10 marks)
5. a. Explain **five** benefits that Kenya may enjoy by being a member of African Development Bank (AfDB). (10 marks)
- b. Explain **five** benefits that an organisation may enjoy by preparing a business plan. (10 marks)
6. a. Explain **five** reasons that accounts for the continued use of handcarts as a means of transport in Kenya. (10 marks)
- b, Baraka started a business on 1st January 2023 with sh.15,000 in cash and sh. 130,000 in bank.

The following transactions took place during the month:

January 2023-

- 2 Cash purchases sh, 70,000
- 4 Paid rent sh. 10,000 in cash
- 10 Cash sales paid directly into the bank sh. 64,000
- 13 Deposited sh.50,000 into the bank from cash till
- 17 Paid wages in cash sh.4,000
- 19 Bought furniture for sh.36,000 paying sh.27,000 by cheque and the balance was to be paid later
- 20 Received sh.16,000 cash from a customer
- 23 Bought goods for sh. 190.000 by cheque
- 28 Received a loan of sh.210,000 from Maria in cash
- 30 Deposited all cash into the bank except sh.8,000

Required; Prepare a single column cash book duly balanced. (10 marks)

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 4**

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

Kenya Certificate of Secondary Education.**INSTRUCTIONS TO CANDIDATES:**

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- c) Answer all the questions.*
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FOR EXAMINER'S USE ONLY

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

TOTAL

16	17	18	19	20	21	22	23	24	25

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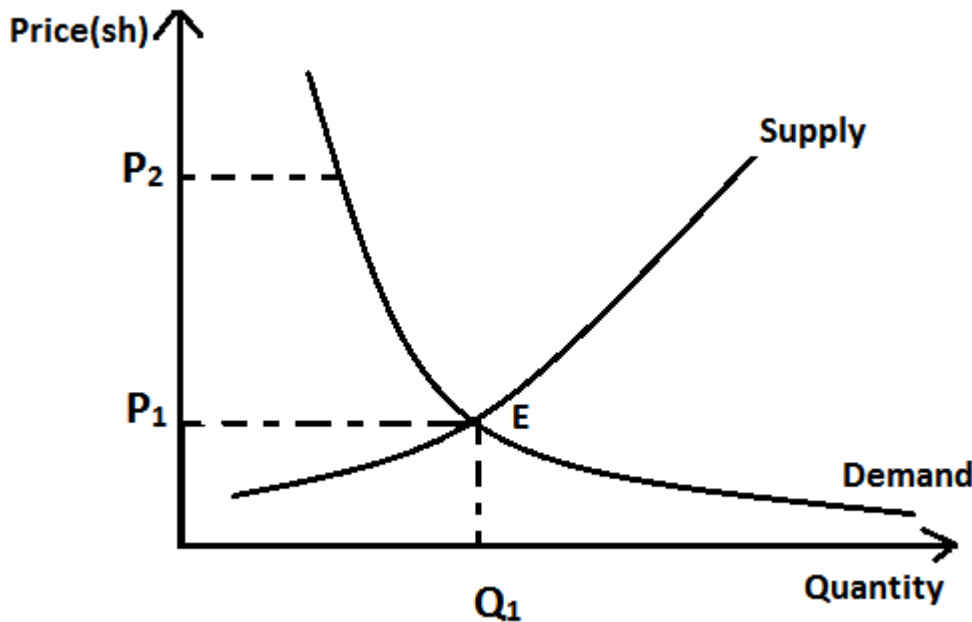
Answer all the questions.

1. Name four skills that a student acquires by learning business studies. (4marks)
2. Highlight four possible contents of a business plan. (4marks)
3. Outline four benefits of the improved road network in Kenya. (4marks)
4. Nacada began a business on 1st Jan 2023. With capital of sh 650,00 which he deposited in the business bank account. During the year the following transaction took place
 - i) Brought into the business equipment valued at sh. 50,000
 - ii) Made a profit of sh. 120,000
 - iii) Withdrew sh, 80,000 from the business bank account to pay for his son's university fee.
 Determine Nacada final capital
5. **State four** incentive that a government may give investors to locate their firms in rural area (4marks)
6. The gap in incomes between the rich and the poor is so wide in Kenya. Highlight four factors that have contributed to this. (4marks)
7. Outline four features of a sole proprietorship form of business unit. (4marks)
8. Give four advantages of using M-pesa as a means of payment. (4marks)
9. Outline four circumstances under which downwards communication may be used. (4marks)
10. Mention the principle of insurance involved in the following statement. (4marks)
 - a) One cannot insure the neighbor's house
 - b) Compensation is paid out by an insurance company only if the loss is as a direct result of happening of the event insured against
 - c) After having been compensated the insured is not allowed to take the scrap
 - d) The aim of the insurance company is to put back the insured to his original material financial position and not to profit him
11. For each of the following daybooks, State the relevant source document
 - a) Sales journal.....
 - b) Cash receipt journal.....
 - c) Purchases return journal.....
 - d) Sales return journal.....

12. On 1.5.2015 Kui traders bought 240 carton of battery at ksh.1000 each . Terms of sale were 20%trader discount and cash discount if payment was made on 29.4.2015

Calculate the amount paid if payment was done on 26.4.2015 (4 marks)

13. Hadjia has an intention of starting a business in the local market. The demand and supply is represented in the diagram below



State four consequences of selling the cabbages at p_2 (4marks)

14. Outline four circumstances under which a trade would advertise his products over the radio instead of television (4marks)

14. Outline four ways in which the physical environment may lead business failure (4marks)

16. Give four types of errors that are not disclosed in a trial balance. (4marks)

17. Highlight four reasons for dishonoring a properly drawn cheque (4marks)

18. In each of the following cases, state the type of inflation described. (4marks)

- a) The unrest in Ukraine has resulted to an increase in the price of fertilizers.....
- b) The price of bread has gone up to sh.60 due increase in the price of fertilizers.....
- c) A lot of money in circulation has led to the general increase of price.....
- d) Arise in price due to uneven growth in some sectors of the economy

19. The following information relates to average price of exports and imports in 2021 and 2022 of country k

Year	Average price of export	Average price of imports
2021	100,000	400,000
2022	120,000	650,000

Required:

a) Calculate the terms of **trade** (3marks)

b) Comment on the term of trade calculated **above** (1mark)

20. Rufus trader

Dr Three column cash book cr

Date	Details		Cash	Bank	D .All	DATE	Details	f	Cash	Bank	D.REC
22/1/01	Capital		20,000			22/1/01	Capital				
22/1/08	Cash			10,000		2/1/08	Bank		10,000	1000	
22/1/12	Drawings		2000								

From the above cashbook state the transactions that took place on

a) 22.1.01 (2marks)

b) 22/1/08 (1mark)

c) /1/12 (1mark)

21. Outline four problems that the Kenyan government may experience in implementing her vision 2030 (4marks)

22. **State** four types of business activities in central Kenya (4marks)

23 Outline the significance of the following international terms of sale. (4marks)

i) Ex-works

ii) Free on rail

iii) Free on board

iv) Cost and freight

24.**State** four types of direct taxes (4marks)

25. The following transactions took place in the business of Kua traders during the first week of March 2023.

March 2 issued an invoice no. 840 to Karen sh.80,000

March 3: Received an invoice no 940 from Mugeru Traders sh 50,000 (4marks)

Record the above information in the relevant ledger accounts.

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 4**

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

Kenya Certificate of Secondary Education.**INSTRUCTIONS TO CANDIDATES**

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- This paper consists of **six** questions.
- Answer any **five** questions in this paper
- All questions carry equal marks.

FOR EXAMINERS USE ONLY

QUESTION	1	2	3	4	5	6	TOTAL
MARKS							

Answer any **five** questions

- 1. a) Describe the procedure of making an insurance claim. (10marks)**
b) Outline five factors to consider when selecting means of reproducing documents. **(10marks)**
- 2 .a) Explain five disadvantages that a developing country may suffer by liberalizing foreign trade (10marks)**
b) Explain five factors that may hinder economic development in Kenya. **(10marks)**
- 3. a) Explain four resources found in a business enterprise. (8marks)**
b) Mworio limited operates a whole sale business. During the month of March 2023, the company carried out the following transactions;
March 1 Credit sales to Mwikali and Njeri were shs. 200,000 and shs.180, 000 respectively.
March 2 Credit purchases from chebet shs.150, 000 wanbui shs, 700,000, Alfred shs.185,000.
They also paid advertisement expenses by cash sh.48, 000.
March 5 Credit sales to Abdallah shs.175, 000,Mwangi shs.320,000 and Mwikali shs.135,000
March 8 Goods returned by Mwikali shs. 2, 800 and Njeri shs. 3,100
March 12 Goods returned by Mworio Limited to Chebet shs. 30,000 and Alfred shs.25, 000
March 27 Paid Wambui her debt in cash after deducting a cash discount of 5%
March 28 Receive rent of shs.5, 200
March 29 Sold goods on credit to Njeri shs. 220,000 and Phiniah shs.150, 000
March 30 Goods returned by Phiniah shs.2, 300

Required:

From the information given, prepare

- a) Sales journal
ii) Sales returns journal **(12marks)**
- 4. a) Explain five forms of economic integration. (10marks)**
b) **Describe five channels of distribution that Hannan manufacturer's ltd can use to distribute their products in Kenya**

5 . a) The following transactions were extracted from the books of Memsi Traders on 1st January 2023

	shs
Capital	600,000
Creditor	180,000
Motor van	200,000
Furniture	200,000
Stock	60,000
Debtors	80,000
Cash	240,000

The following transactions took place during the year ended 31st January 2023

- i.** Sold furniture worth sh. 60,000 for which sh.40,000 Cash was received and the balance was due at the end of the month.
- ii.** Purchased goods worth sh.100,000 for which cash of shs.70,000 was paid and the balance was still outstanding at the end of the month
- iii.** Cash of shs. 10,000 was taken from the business by the proprietor for personal use

Required: Prepare Memsi's balance sheet as at 31st January 2023 **(10marks)**

b) Distinguish between perfect competition market structure and oligopolistic market structure.

(10marks)

6. a) In the recent past celebrities and other social influencers have been instrumental in promoting products over the TIK TOK social media platform. Explain five benefit that business enterprise may enjoy by using social media platform in sales promotion. **(10marks)**

b) Explain five purposes of public finance. **(10marks)**

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 5**

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

Kenya Certificate of Secondary Education.**INSTRUCTIONS TO CANDIDATES:**

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FOR EXAMINER'S USE ONLY

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

TOTAL

16	17	18	19	20	21	22	23	24	25

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Answer all the questions.

1. **Identify** the rewards of the following factors of production. (4Marks)

Factor	Reward
(a) Limestone
(b) Teacher
(c) Exchange of goods
(d) Landlords

2. Outline **four** circumstances under which a firm would be located near the market for its product. (4Marks)

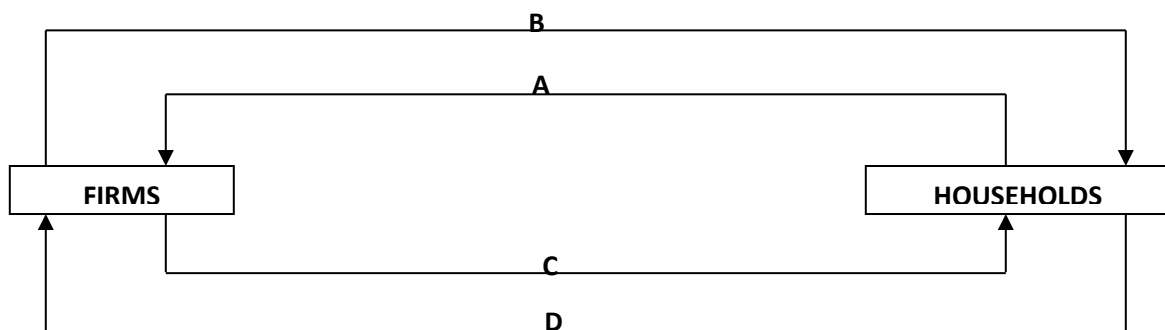
3. State **four** unethical practices that traders should avoid in product promotion. (4Marks)

4. Nundu and Thuku bought a building for Kshs 12,000,000. The building was insured for 8,000,000 against the risk of fire. Later the building was partially destroyed by fire to a tune of Kshs 6,000,000.

- (a) State the amount of compensation likely to be paid by the insurance company. (3Marks)
- (b) Give a reason for your answer. (1Mark)

5. Outline **three** reasons why a seller may prefer cash with order (C.W.O) Policy in his operation. (3Marks)

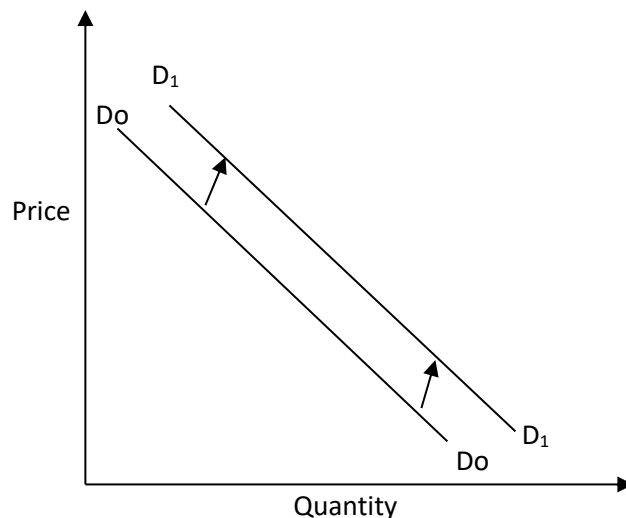
6. Study the diagram below and answer questions that follow.



- (i) What does this diagram represent? (1Mark)
- (iii) Identify what letters A,B,C and D represent.

- A..... (1Mark)
- B..... (1Mark)
- C..... (1Mark)
- D..... (1Mrk)

7. The final capital for Mundu's business for the year ended 30th June 2022 was Kshs90, 000. During the trading period he made a loss of Kshs5000 and the additional investment of Kshs46, 000 and drawings of Kshs5, 100. Calculate the initial capital. **(4Marks)**
8. The per capita income in a country X was £350 in January 2020. At the end of the year the per capita income had increased to £420. State **four** reasons why the standards of living of the people in the country X may not have risen during the year. **(4Marks)**
9. Highlight **four** reasons why motorbikes have replaced bicycles as the choice for transport.(4mks)
10. The diagram below shows a demand curve D_0 and D_1 . Highlight **four** factors to account for the above shift. **(4Marks)**



11. A business opportunity exists where there is a gap to be filled in the market. State **four** situations that may create a gap. **(4Marks)**
12. State **four** factors that may limit an individual's ability to satisfy his basic human wants.(4mks)

The following details relate to Kango Traders as at 31. 12. 22

Shs.

Sales	300,000
Stock (1/1/23)	45,000
Stock (31/12/23)	35,000
General expenses	25,000
Capital	400,000
Margin	25%

Calculate;

(a) Purchases (2Marks)

(b) Net profit (1Mark)

(c) Rate of turnover (1Mark)

(d) Rate of return on capital (1Mark)

14. State **three** reasons why people hold money. (3Marks)

15. Name **four** features that distinguish economic growth from economic development.(4Marks)

16. Outline **four** circumstances under which partnership may be dissolved. (4Marks)

17. As a banker to the government state **four** services that the central Bank renders to the government. (4Marks)

18. The following transaction relate to Mawo traders. Indicate the accounts to be debited and credited (4Marks)

Transactions	Account to be debited	Account to be credited
(a) Withdraw cash from the bank for office use.		
(b) Bought goods on credit		
(c) Took shs 500,000 from the cash till to pay his son's dowry		
(d) Converted his lorry into business motor vehicle.		

19. Highlight **four** circumstances under which a manufacturer would not require substantial warehousing. (4Marks)

20. State **four** uses of an invoice to a seller of goods. (4 Marks)

21. Outline **four** errors which do not affect the agreement of a trial balance. (4 Marks)

22. Match the accounts below with the appropriate types of ledger where they are kept.(4 Marks)

(a) Returns inwards

(b) Drawings

(c) Bank

(d) Discount received

23. Enter the following transactions in the two-column cash book of Katundu traders given below.

(4Marks)

2021

- | | | |
|-----|----|--|
| Feb | 10 | - Paid a creditor Shs.7, 500 by cheque |
| | 20 | - Received Shs.5, 000 in cash from Muthiani a debtor |
| | 25 | - Deposited Shs.12, 500 into a bank |
| | 28 | - Paid wages Shs.2, 400 in cash |

24. Mula and Museba have each taken life assurance cover. State **four** reasons why Mula is to pay higher premiums than Museba. (4 Marks)

25. State **four** limitations of using mobile phone in communication. (4Marks)

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 5**

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

Kenya Certificate of Secondary Education.**INSTRUCTIONS TO CANDIDATES**

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- Answer any **five** questions in this paper
- All questions carry equal marks.

FOR EXAMINERS USE ONLY

QUESTION	1	2	3	4	5	6	TOTAL
MARKS							

Answer any **five** questions

- 1. a)** Explain **five** benefits of division of labour to an organization. (10 mks)
- b)** With the aid of a diagram, explain the effect of an increase in the supply of a commodity while its demand remains constant. (10mks)
- 2 a)** Explain **five** ways in which central bank of Kenya may control the supply of money in the country (10mks)
- b)** Explain **five** characteristics of property insurance. (10mks)
- 3 a)** Highlight any **five** merits of direct tax. (10mks)
- b)** Explain the differences between a public company and a public corporation (10mks)
- 4 a)** Explain **five** features of oligopoly. (10mks)
- b)** Kenya is experiencing a general increase in prices of commodities. Explain any **five** causes of this trend. (10mks)
- 5 a)** On July 2022, Ufanisi Traders had cash in hand sh 3,500 and cash at bank shs. 140,000. The following transactions took place during the month
- July 2: Cash sales sh 42, 000 was paid direct into the bank.
- July 3: Received a cheque of sh 15000 from Kariuki in full settlement of his debt.
- July 8: Bought goods by cheque sh 26000.
- July 13; Paid Wanjiku by cheque sh 24000 after deducting 5% cash discount.
- July 17; Withdrew sh. 40,000 from bank for office use.
- July 22; Bought office furniture by cheque sh. 50,000
- July 27; Received a cheque for sh 9000 from Waweru after deducting a 5% cash discount.
- July 30; Banked all the money except sh. 7000
- Required:**
- Prepare** a Three-Colum cash book and balance it off. (10mks)
- b)** Explain **five** factors that would influence the choice of office layout to be adopted by a firm. (10mks)

6 a) The following information related to Rashid Traders for the year ended 31st May 2019.

(10mks)

	Shs.
Purchases	150,000
Opening stock	40,000
Closing stock	10,000
Margin	40%
Total expenses	5,000
Capital	100,000

Calculate:

- | | |
|------------------------------|---------------|
| a) The mark-up | (1mk) |
| b) Cost of goods sold | (2mks) |
| c) Gross profit | (2mks) |
| d) Sales | (2mks) |
| e) Net profit | (1mk) |
| f) Rate of return on capital | (2mks) |

b) Explain five challenges facing the transport industry in Kenya today

(10mks)

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 6**

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

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FOR EXAMINER'S USE ONLY

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

TOTAL

16	17	18	19	20	21	22	23	24	25

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Answer all the questions.

1. Outline **four** ways in which a good business structure is of benefit to a business organization (4mks)
2. Outline **four** difficulties that would be faced by an individual in the satisfaction of human Wants (4mks)
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	

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)
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)
7. State **four** functions of commercial attaches. (4mks)
8. Give **four** reasons why some traders prefer to operate supermarket **business** (4mks)
9. State **four** reasons why short message service (SMS) is replacing letters as a way of communication (4mks)
10. Describe **four** channels used when importing **commodities**. (4mks)
11. Outline four emerging trends in office management. (4mks)
12. Give **four** benefits that are likely to result from a modern railway network in the country (4mks)
13. Outline **four** features of monopolistic competition (4mks)
14. State **four** merits of storing goods in a public warehouse (4mks)
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)**

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.....

b) Beneficiaries.....

c) Re – insurance.....

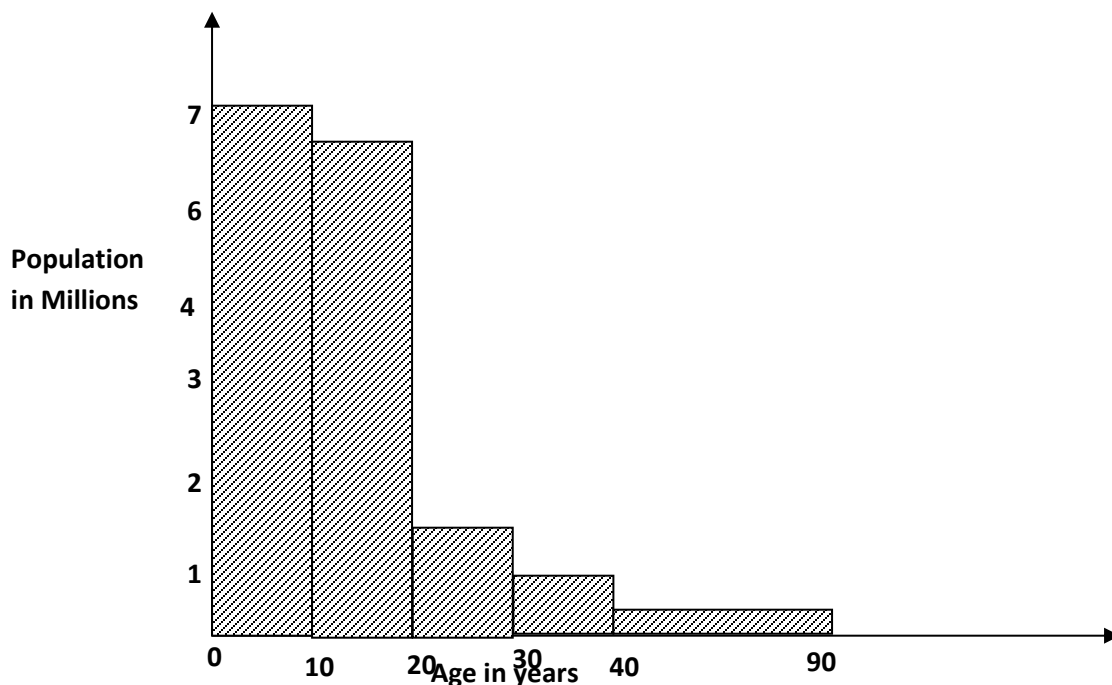
d) Cover note..... **(4mks)**

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)

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



Give **four** challenges facing this country (4mks)

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)**

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 6**

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

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FOR EXAMINERS USE ONLY

QUESTION	1	2	3	4	5	6	TOTAL
MARKS							

Answer any **five** questions

1. a) Explain **five** methods used by central bank to increase money supply in the economy. **(10mks)**
 b) Explain **five** principles of insurance. **(10mks)**
2. a) Explain **five** negative effects of inflation. **(10mks)**
 b) The following trial balance was extracted from the books of Carson Traders on 31 December 2005 after preparing the trading account.

	Dr	Cr
Capital		130,000
Drawings	27,000	
Debtors and creditors	25,350	22, 500
Stock 31 Dec. 2005	25,000	
Wages and salaries	31,650	
Gross Profit		58,920
Discount	3,540	3,300
Advertising	3,130	
Bad debts	1,100	
General expenses	5,100	
Rates	2,750	
Cash in land	800	
Cash at bank	3,300	
Motor vehicles at cost	11,000	
Premises.	<u>75, 000</u>	<u> </u>
	<u><u>214,720</u></u>	<u><u>214 720</u></u>

The following additional information is provided.

- (a) Wages due shs. 5,400
 (b) Rates paid in advance shs 650
 (c) Motor vehicles to be depreciated 20% on cost.

You are required to prepare

- (i) Profit and loss account for the year ended 31 Dec. 2005 **(6mks)**
 (ii) Balance sheets as at 31st Dec. 2005 **(4mks)**

3 a) Discuss any **five** documents used in recording transactions in books of original entry

b) Discuss **five** factors that may influence entrepreneurial practices positively in the country.

(10mks)

4 a) Explain **five** benefits of matatu reforms in transport sector.

(10mks)

b) Using a well labeled diagram, explain shift in demand and supply curve respectively

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

(10 Mks)

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

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 Tila shs, 20,000; Katu 10,000

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

5th Returned faulty goods to Kahama sh 5,000

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

7th Received faulty goods from Katu shs. 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)

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 7**

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

Kenya Certificate of Secondary Education.**INSTRUCTIONS TO CANDIDATES:**

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FOR EXAMINER'S USE ONLY

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TOTAL

16	17	18	19	20	21	22	23	24	25

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Answer all the questions.

1. List four characteristics of an entrepreneur. (4 marks)

2. Outline four circumstances when a company can be dissolved. (4 marks)

3. Classify using a tick (☐) whether the following resources are natural, manmade or human.

(4 marks)

Resource	Natural	Man made	Human
a. Teacher			
b. Oil deposits			
c. Coral reef			
d. A building			

4. The following balances were extracted from the books of Mbolea Merchants as at 31st August 2023.

Cash. Sh. 17,000

Bank. Sh. 53,000

Sales. Sh.200, 000

Purchases. Sh. 120,000

Salary and wages sh. 80,000

Bank overdraft sh. 20,000

Creditors Sh. 35,000

Prepare a **trial balance** as at 31st August 2023.

(5 marks)

5. Mention four characteristics of land as a factor of production.

(4 marks)

6. State the wholesaler described below.

(4 marks)

a. A wholesaler who deal with beans, maize, millet and sorghum

b. A wholesaler who sell goods in Nyeri, Muranga and Kiambu

c. A wholesaler who buy cabbages in Kinangop and sell them to other wholesalers and retailers in Nairobi.....

d. A Wholesaler who sell baby clothes only

7. State four factors that may lead to a decrease in demand for jackets. (4 marks)
8. Highlight four features of itinerant traders. (4 marks)
9. State four types of advertising. (4 marks)
10. Outline four causes of a business failure. (4 marks)
11. Give four limitations of a trial balance. (4 marks)
12. State four accounts used to record movement of stock. (4 marks)
13. Highlight four reasons why a bonded warehouse is important to the government. (4 marks)
14. State four characteristics of direct production. 4 marks)
15. Highlight four types of unemployment. (4 marks)
16. State three ways in which government regulates businesses. (3 marks)
17. Matatus are very popular in Kenya today. State four advantages of matatus. (4 marks)
18. List four essentials of effective communication. (4 marks)
19. Highlight four characteristics of life assurance policy. (4 marks)
20. Outline the first four steps followed during personal selling. (4 marks)
21. State four types of business activities. (4 marks)
22. State four characteristics of goods. (4 marks)
23. List four uses of a general journal. (4 marks)
24. State four types of product markets. (4 marks)
25. Highlight four channels for distributing locally manufactured goods. (4 marks)

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 7**

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

Kenya Certificate of Secondary Education.**INSTRUCTIONS TO CANDIDATES**

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FOR EXAMINERS USE ONLY

QUESTION	1	2	3	4	5	6	TOTAL
MARKS							

Answer any **five** questions

1. a) Explain five negative effects of inflation. (10 marks)

b) Explain five factors that limit effective communication in a business. (10 marks)

2. a) Explain five factors that may be considered morally right when carrying out business.

(10 marks)

b) Explain five challenges that may face a firm due to its expansion. (10 marks)

3. a) Explain five types of indirect taxes that are levied in Kenya. (10 marks)

(b) The following transactions relate to Koko Traders for the month of May 2021:

May 2: Sold goods on credit to Chui shs.12,000 and Jane shs.16,000

May 8: Bought goods on credit from Shah Traders shs.40,000

May 12: Chui returned goods worth shs.2,000

May 15: Purchased goods on credit from Koki sh.34,000 and Peter shs.31,050

May 20: Goods worth sh.6,000 were returned to Shah traders and goods worth sh. 3,000 to Koki

May 23: Goods sold on credit to Chui sh.8,000, Tom sh. 11,000 and Joseph shs.13,000

May 25: Bought goods on credit from Koki shs.17,000 and Shah Traders shs.25,000.

May 27: Goods returned by Boyo shs.2,000

May 30: Purchased a motor car on credit worth sh.500,000 from KVM

Prepare the relevant journals and balance them off. (10 marks)

4. a) Explain five benefits advertising to the business. (10 marks)

b) Explain five external business environment that may positively affect the operation of the business. (10 marks)

5. a) Explain five advantages of privatization of state corporations. (10 marks)

b) Explain five positive implications of a country whose population is mainly dominated by the youthful population. (10 marks)

6. a) The following Trial Balance was extracted from the books of Kamau Traders as at 31st December 2020.

Details	<u>Dr (sh)</u>	<u>Cr (sh)</u>
Opening stock	30,000	
Purchases / sales	275,000	390,000
Debtors	47,000	
Commission received		36,000
Returns	10,000	6,000
Carriage	24,000	
Advertising	3,000	
Salaries	19,000	
Rates	12,000	
Premises	450,000	
Machinery	180,000	
Loan		210,000
Insurance	20,000	
Discounts	5,000	7,000
Drawings	25,000	
Cash in hand	40,000	
Cash at bank	250,000	
Creditors		52,000
Capital	_____	<u>698,000</u>
	<u>,390,000</u>	<u>,390,000</u>

Additional information:

1. Closing stock sh 50,000
2. Carriage outwards was $\frac{1}{3}$ of total carriage.

Required:

(i) Prepare Kamau traders trading, profit and loss account for the period ended 31.12.2020.

(6 marks)

(ii) Balance sheet as at 31.12.2020.

(4 marks)

b) Labour is one of the basic factors of production. Outline five measures that a business can take to increase the productivity of its labour force.

(10 marks)

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 8**

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

Kenya Certificate of Secondary Education.**INSTRUCTIONS TO CANDIDATES:**

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- b) Sign and write the date of examination in the spaces provided above.*
- c) Answer all the questions.*
- d) Candidates should answer all the questions in English.*

FOR EXAMINER'S USE ONLY

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

TOTAL

16	17	18	19	20	21	22	23	24	25

--

Answer all the questions.

1. Name the **internal environment** described by the following statements. (4 marks)

Description	Type of Internal Environment
a) Allows duties to be allocated to the right people thus resulting in higher productivity.	
b) Helps the business achieve its objectives e.g. higher production level of goods and services.	
c) Makes employees to acquire norms and code of conduct that is acceptable to all.	
d) Level of knowledge of the entrepreneur	

2. State **four** reasons why choice should be made in satisfying human wants. (4 marks)
3. You have been charged with a duty of preparing an Article of Association for your company. State **four** items that you will include in your Article of Association. (4 marks)
4. State **four** reasons why consumers need protection from unscrupulous traders. (4 marks)
5. Highlight **four** contents of a cover note. (4 marks)
6. State the **books of original** entry in which each of the following transactions would be recorded. (4 marks)

	Transactions	Books of original entry
	Bought a machinery on credit	
	Received sh. 40,000 from Mweni a debtor	
	Sold goods worth sh. 20,000 on credit to Salama	
	Returned goods previously bought on credit to Wainaina	

7. The following information relates to commodity 'X'.

Year	Price (shs)
2010	450
2014	675

- a) Calculate the consumer price index. (3 marks)
- b) Comment on your answer. (1 mark)

8. State **four** benefits that consumers get from warehousing. (4 marks)

9. The following information relates to Kitui Traders for the year 2013.

Turn over Sh. 270,000

Margin 40%

Rate of turnover 6 times

Expenses Sh. 40,000

From the information given above, Calculate:-

(a) Net profit. (2 marks)

(b) Average stock (2 marks)

10. Outline **four** differences between perfect competition and monopoly. (4 marks)

11. Outline **four** features of an economic union level of economic integration. (4 marks)

12. Highlight **four** monetary tools that may be employed by the government to increase the amount of money in circulation. (4 marks)

13. State **four** ways of creating the utility of goods and services. (4 marks)

14. Outline **four** sources of business idea. (4 marks)

15. State whether the tax described below is **direct** or **indirect** (4 marks)

a) Stamp duty

b) Wealth tax

c) Excise duty

d) Value added tax

16. Outline **four** current trends in the road transport in Kenya today. (4 marks)

17. State **four** negative implications of production activities on the community. (4 marks)

18. Give any **four** causes of changes in asset stock. (4 marks)

19. State **four** benefits a trader may get by advertising products using posters. (4 marks)

20. Outline **four** goals of development. (4 marks)

21. A business enterprise had a cash balance of 50,000 and overdraft of sh 15,000 on 1st June 2007.

The following transactions were conducted.

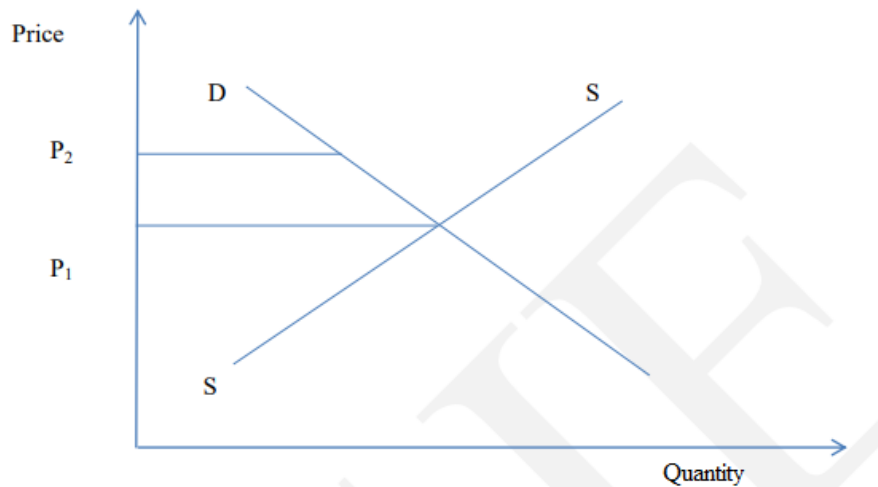
June 2, A debtor paid sh 40,000 by cheques

June 10, The business bought stock sh 10,000 in cash and paid a creditor sh. 5,000 by cheque

June 15, Sold goods sh 30,000 cash.

Required: Prepare a two column cash book. (4 marks)

22. The diagram below represents the demand and supply of bananas in the local market.



Highlight **four** consequences of selling the bananas at price P_2 . (4 marks)

23. Outline **four** circumstances under which one may use signs in communication. (4 marks)

24. State **four** circumstances under which a business organization may decide to dispose off a machine. (4 marks)

25. Omamo bought goods worth Sh. 100,000 from Jabali Traders on 2nd January 2022. He was given 5% trade discount and a cash discount as follows; 2% if payment is made within 30 days, 5% if payment is made within 15 days and 10% if payment is made within 10 days.

Calculate the amount he will pay after a fortnight. (4 marks)

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KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 8**

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

Kenya Certificate of Secondary Education.**INSTRUCTIONS TO CANDIDATES**

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QUESTION	1	2	3	4	5	6	TOTAL
MARKS							

Answer any **five** questions

1. a) Kenya experiences frequent increase in prices of essential goods and services.
Explain **five** factors that causes the above trend. (10 marks)
- b) Highlight **five** benefits of turning a private limited company into public limited company (10 marks)
2. a) Explain **five** measures that the government may put in place to reduce the amount of money in circulation (10 marks)
- b) Explain **five** features of economic resources. (10 marks)
3. a) Explain **five** benefits that may accrue to a community involved in home trade (10 marks)
- b) The following balances were extracted from books pf Victoria's traders for the year end 31/12/2021

	<u>SHS</u>
Rent	48,000
Lighting	7,200
Water	9,220
Salaries	75,000
Commission received	12,370
Discount allowed	4,600
Discount received	8,500
Gross profit	320,000
General expenses	98,000
Stock	25,250
Motor vehicle	2,300,000
Furniture	650,000
Debtors	270,000
Creditors	396,400
Bank	200,000
Cash	50,000
Capital	3,000,000

Prepare;

- (i) profit and loss account for the year end 31/12/2021 (5½ marks)
- (ii) balance sheet as at 31/12/2021 (4½ marks)
4. a) Explain **five** circumstances under which an insurer may not compensate the insured after the occurrence of the risk (10marks)
- b) Explain **five** merits of direct taxes (10 marks)

5. a) Highlight **five** sales promotional methods which may be used by traders to increase sales volume of their products (10 marks)

b) The following transactions relates to Kajembe traders for the month of May 2023.

May 1: Balance brought down cash shs.16,500 and Bank shs.19,847

May 2: Sold goods worth shs.1,348 to Paul and received a radio in exchange.

May 5: Paid transport by cheque shs.2,000

May 6: Issued a cheque to Sakwa traders settling an invoice for shs.10,000 deducting 2% cash discount.

May 10: Transfer shs.15,000 from cash till to bank.

May 12: Sold goods for cash shs.12,000 less 2% cash discount.

May 13: Sold goods to Onyango on credit worth shs.15,000

May 14: The owner of the business withdrew shs.3,000 in cash to buy a present for the daughter.

May 16: Received a cheque from Kuria shs.2,500 less 5% cash discount.

May 22: Bought furniture from Wako traders in credit worth shs.16,500 and cash discount of 10% if payment is made within 2 weeks.

May 24: Withdrew cash from bank for office use shs.8,000

May 26: The owner brought into the business shs.9,000 cash.

May 27: Issued a cheque to Wako traders for amount due.

May 28: Sold goods to Kuria worth shs.5,000 for shs.3,800 and received a cheque.

May 30: Banked all cash and remained with shs.1000 in the cash till.

Required: Prepare Kajembe Traders three column cash book for the month of may 2023.

(10 marks)

6. a) Highlight **five** factors that may negatively affect the demand for a product in the market.

(10 marks)

b) Discuss **five** reasons why less developed countries are reluctant in implementing free trade agreement. (10 marks)

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 9**

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

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FOR EXAMINER'S USE ONLY

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

TOTAL

16	17	18	19	20	21	22	23	24	25

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Answer all the questions.

1. Outline **four** services that support trade. (4 marks)
2. List **four** examples of an open trade credit. (4 marks)
3. Outline **four** sources of capital for limited liability companies. (4 marks)
4. Identify **four** classification of goods described in each of the following statement. (4 marks)

Description	Classification
a) Have no monetary value	
b) Goods that require special handling to be used in future	
c) Goods that are not ready for use before further processing	
d) Individual have inclusive right to usage	

5. The capital of Mwangi Business on 1st of January 2022 was sh. 133,000. During the year additional investment of sh. 29,000 and drawing amounting to sh. 45,000 were made. The business earned sh. 107,000 profit for the year ended 31st December 2022. Calculate the capital as at 31st December 2022. (4 marks)
6. State four external factors that are considered when evaluating business opportunity. (4 marks)
7. The following transaction relates to Walimu books of account for the month of April 2023.
 1st April had the following balances sh. 235,000 cash in hand and sh. 16,000 cash at Bank (Cr)
 6th April settle his account with Watonga a creditor sh. 97,000 by cheque
 13th April, received a cheque of sh. 28,000 from Omoyo
 30th April deposited all the cash into business bank account

Required: prepare a two column cash book. (4 marks)

8. Highlight **four** features of a tied shop. (4 marks)
9. Highlight **four** features a warehouse should have in order for it to function effectively. (4 marks)
10. Identify the source documents that relate to each of the following transaction. (4 marks)

Transaction	Source document
a) Goods are sold on credit	
b) When correcting an undercharge on customer who failed to return packing cases	
c) When cash is received for goods sold	
d) When payment for goods purchased is made by cheque	

11. Outline **four** advantages of using modern technology in production of goods. **(4 marks)**

12. State **four** circumstances under which an accountant communicates to the accounts clerk. **(4 marks)**

13. State four factors that lead to decrease in supply of commodities in a market. **(4 marks)**

14. Highlight **four** differences between money order and postal order. **(4 marks)**

15. Highlight **four** benefits of locating a firm near the source of raw materials. **(4 marks)**

16. The following information were extracted from Shiriki traders' books of account for the period ended 30th April 2023

Land	100,000
Capital	94,000
10 year Equity loan	20,000
Debtors	6,000
Cash	15,000
Stock	10,000
Debentures	14,500
Creditors	8,000
Drawing	5,500

Calculate

a) Working capital. **(2 marks)**

b) Capital employed. **(2 marks)**

17. Outline **four** factors that may make an insurer to charge high premium. **(4 marks)**

18. Outline **four** guidelines that should be followed by the government in its expenditure. (4 marks)
19. State **four** ways in which government may control monopoly power. (4 marks)
20. Highlight **four** advantages of m- banking. (4 marks)
21. Give **four** types of errors that may not be disclosed by a trial balance. (4 marks)
22. Outline **four** challenges faced by saving credit co-operatives societies (SACCOs) in Kenya today. (4 marks)
23. Highlight **four** demerits of giving a product to customers freely for trial. (4 marks)
24. Identify the documents that match the following description as used in the international trade. (4 marks)

Description	Document
a) The document that specify the manufacture to supply the goods	
b) The document that allow the person named therein to claim the goods when arrived at the port of destination	
c) Documents that shows that the prices charged on import are fair	
d) The document that authorizes resale of goods being imported	

25. The following is a subsidiary book that was drawn for the first week of the month of May 2023;

Date	Particulars	Credit note no.	Ledger folio	Amount
May 2023				
1	Mwanzo Enterprises	093	PL	13,000
5	Kanini Merchants	179	PL	7,200
14	Jumbo traders	008	PL	19,000
	Totals to be credited to return			39,200
	Outwards a/c			

- a) Identify the subsidiary book above. (1 mark)
- b) Give a reason for your answer above (a). (1 mark)
- c) State the transaction that took place on the following date. (2 marks)
- 1st May 2023
- 14th May 2023

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 9**

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

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FOR EXAMINERS USE ONLY

QUESTION	1	2	3	4	5	6	TOTAL
MARKS							

Answer any **five** questions

- 1 (a).** Explain five demerits of under population. **(10 Marks)**
(b). Explain five importance of a business plan to an entrepreneur. **(10 Marks)**
- 2 (a).** Explain five circumstances under which a trader would prefer letters than telephone when communicating with suppliers. **(10 Marks)**
(b). Explain five factors that may lead to an increase in a country's productivity. **(10 Marks)**
- 3 (a).** Explain five causes of unfavourable balance of payments. **(10 Marks)**
(b). Explain five characteristics of economic resources. **(10 Marks)**
- 4 (a).** Explain five functions of an office in a company. **(10 Marks)**
(b). Explain five principles of taxation. **(10 Marks)**
- 5 (a).** Explain five advantages of railway transport in Kenya. **(10 Marks)**
(b). On 1st January 2021, Mbale traders had shs.22, 500 in cash and shs.250, 000 at bank. During the month, the following transactions took place.
Jan 2: made cash sales of shs. 465,200.
Jan 5: Received a cheque of shs. 451,250 from Kamau traders in full settlement for their debt after allowing a 5% cash discount.
Jan 15: paid Ndovu traders shs. 184,000 in cash after deducting a cash discount of shs.16,000.
Jan 20: Deposited shs. 200,000 from cash till into the bank.
Jan 25: Paid wages shs. 144,000 in cash.
Jan 26: Bought goods worth 30,000 on credit from kisii traders.
Jan 28: Settled Mbago traders account of sh. 300,000 by cheque, less 15% cash discount
Jan 29: Withdrew shs. 250,000 from the bank for office use.
Jan 30: Deposited all the cash into the bank, except shs. 59,700.
- Required:** Prepare a duly balanced three column cash book. **(10 Marks)**

6(a). Explain five circumstances under which personal selling may be appropriate to a business.

(10 Marks)

(b). The following trial balance was prepared by Laketi traders as at 31 December 2022.

particulars	Debit shs.	Credit shs.
Premises	850,000	
Debtors	650,500	
Creditors		820,000
Motor vehicle	800,000	
Equipment	550,500	
Gross profit		1,960,200
Furniture	350,000	
Stock	75,000	
Bank	200,000	
Cash in hand	150,000	
General expenses	117,800	
Discount received		66,100
Commission allowed	12,400	
Insurance	7,500	
Lighting	4,600	
Salaries	78,000	
Capital		1,000,000
	3,846,300	3,846,300

Using the information given above:

i.Prepare profit and loss account.

(4 Marks)

ii.Prepare balance sheet.

(6 Marks)

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 10**

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

NAME.....

SCHOOL..... SIGN.....

INDEX NO..... ADM NO.....

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

TOTAL

16	17	18	19	20	21	22	23	24	25

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Answer all the questions.

1. In the table below, fill in the correct discipline from the given statements (4mks)

STATEMENT	DISCIPLINE
Systematic way of recording business transactions	
Study of trade and aids to trade	
Activities carried out in an office	
Study of how human beings strive to satisfy their wants using scarce resources.	

2. Outline four benefits that a consumer gets from warehousing. (4mks)
3. Outline four circumstances under which a producer may opt to sell his product directly to the consumer. (4mks)
4. Amina complains to her friend that nowadays she is finding it increasingly hard to satisfy her needs. Give four reasons why she may be finding herself in such a situation.
5. State four uses of general journal as a book of original entry. (4mks)
6. Highlight four types of complains that consumers organization may receive from consumers. (4mks)

7. The following information relates to Juma traders as at 30th June 2011.

• Capital	96 600
• Debtors	29 520
• Creditors	24 670
• Motor vehicle	79 000
• Cash	11 250
• Stock	1 500

Prepare a trial balance (4mks)

8. Match the following definition with appropriate external business environment.
(technological, legal-political; economic and social- cultural) (4 mks)

DEFINITION	BUSINESS ENVIRONMENT
Close monitoring of business and passing laws and policies to regulate them.	
Level of know-how, efficient use of tools.	
Customs, values and beliefs that regulate behaviour of people.	
Factors that affect the buyers' ability to buy goods and services offered by business	

9. Outline four factors influencing amount of money held for precautionary motive. **(4mks)**

10. Judy a business lady has joined Facebook. Give four business related benefits she can get from being a user of Facebook. **(4mks)**

11. Outline four assumptions to the circular flow of income in a two-sector economy. **(4mks)**

12. Highlight the functions of the following documents used in international trade. **(4mks)**

a) Certificate of origin

b) Indent

c) Bill of landing

d) Commercial invoice

13. Outline four benefits of indirect production to an economy. **(4mks)**

14. Highlight four circumstances under which insurance company may decline to compensate the insured after the occurrence of the risk.

15. The following information relates Kamoko traders as at 31st December 2022.

(Sh)

Fixed assets 400,000

Stock 120,000

Current liabilities 60,000

Net profit of the year 100,000

Calculate:

a) Rate of return on capital employed

b) Current ratio

16. Highlight four factors that a firm may consider when deciding on goods to produce (4mks)

17. Classify each of the following items of government expenditure as development or recurrent.

(4mks)

Item	Type of expenditure
Purchase of medicine for hospital	
Construction of new roads	
Payment of teachers' salary	
Purchase of a tractor for agricultural use	

18. State four reasons why hyper-markets are becoming very popular in Kenya. (4mks)

19. Outline four differences between perfect competition and monopolistic product market. (4mks)

Perfect competition

Monopolistic

20. Outline four factors that have limited containerization in transportation of goods. (4mks)

21. Highlight four factors that promote entrepreneurial culture in a country. (4mks)

22. Highlight four factors that may lead to shift of demand curve to the right. (4mks)

23. State four principles that distinguish cooperative society from other forms of business

organizations. (4mks)

24. Outline four circumstances under which the capital of a business may change. (4mks)

25. Mary has been appointed as a manager in a company. State four measures that she will take to

improve the efficiency of workers. (4mks)

KCSE 2025 CROSS-COUNTRY MOCKS**NATIONAL TRIAL 10**

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

NAME.....

SCHOOL..... SIGN.....

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QUESTION	1	2	3	4	5	6	TOTAL
MARKS							

Answer any **five** questions

1. (a) Explain five characteristics of an under-developed country. **(10 marks)**
- (b) In the recent past, Kenya has been experiencing high rates of inflation. Explain any five non-monetary measures that a country may use to control this situation **10 marks)**
2. (a) The per capita income in country A is considerably higher than that in country B. Explain five reasons why the citizens of country A may not necessarily enjoy higher standards of living than citizens of country B. **(10 marks)**
- (b) Explain five circumstances under which personal selling would be the most appropriate method of product promotion. **(10 marks)**
3. (a) Explain any ways in which the external environment may contribute to the success of a business **(10 marks)**
- (b) The following balances relate to Utawala Traders as at 31st December 2021

	Shs
Salaries	70,000
Stock (1/1/2021)	30,000
Premises	700,000
Creditors	35,000
Capital	700,000
Purchases	150,000
Bank	120,000
Insurance	10,000
Electricity	40,000
Debtors	60,000
Sales	350,000
Stock (31/12/2021)	20,000
2-year bank loan	200,000
Cash	90,000
Returns inwards	15,000

Required:

- (i) Prepare a trading, profit and loss account for the year ending 31st December 2021 **(5 marks)**
- (ii) Prepare a balance sheet as at 31st December, 2021 **(5 marks)**

4. (a) Explain *five* ways in which a computer may be used in an office (10 marks)
- (b) Most of the African countries are suffering from rapid unemployment rates. Explain five causes of this situation. (10 marks)
5. (a) Outline five differences between a public limited company and a public corporation. (10 marks)
- (b) Currently, commercial banks are establishing Banking Agencies in different parts of the country. Explain five benefits that are enjoyed by their customers as a result of this development. (10 marks)
6. (a) On 1st October 2013, Nyati Traders Had shs.10 000 and shs.40 000 at the bank. During the month, the following transactions took place.

2013

- Oct 2 Bought goods worth shs3,100 by cheque
- 3 Paid motor expenses shs.6000 in cash
- 6 Sold goods worth 8200 cash
- 10 Paid a creditor shs.9500 by cheque after deducting a 5% cash discount
- 12 Received a commission of shs.580 directly into the bank account.
- 15 The bank deducted shs. 850 from the business account for services rendered
- 19 The owner took shs.1500 by cheque for personal use
- 23 Paid Maboko traders shs.39,200 by cheque in full settlement of their account less 2% cash discount
- 24 Withdrew shs.15,000 from bank for business use
- 26 Received shs.8,200 cash from a debtor in full settlement of a debt of shs.8,500
- 30 Took all the cash to the bank leaving only shs.1800 in the cash till

Required:

- Prepare a duly balanced three column cash book (10 marks)
- (b) Explain any **five** ways of improving the efficiency of a warehouse. (10 marks)

THE END

FOR THE FOLLOWING;

- ❖ ONLINE TUITION
- ❖ REVISION NOTES
- ❖ SCHEMES OF WORK
- ❖ SETBOOKS VIDEOS
- ❖ TERMLY EXAMS
- ❖ QUICK REVISION KITS
- ❖ KCSE TOPICALS
- ❖ KCSE PREMOCKS
- ❖ TOP SCHOOLS PREMOCKS
- ❖ JOINT PREMOCKS
- ❖ KCSE MOCKS
- ❖ TOP SCHOOLS MOCKS
- ❖ JOINT MOCKS
- ❖ KCSE POSTMOCKS
- ❖ TOP SCHOOLS PREDICTIONS
- ❖ KCSE PREDICTIONS
- ❖ KCSE REVEALED SETS

***To Obtain Copies of Respective Marking
Schemes / Answers***

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SUCCESS

CAUTION TO KCSE 2025 CANDIDATES:

**IN CASE / ON EVENT YOU REALIZE PART OF THESE
QUESTIONS WERE DIRECTLY OR INDIRECTLY LIFTED IN
THE FINAL KCSE 2025 EXAMINATIONS PLEASE DO NOT
PANIC!**

KILA LA HERI