

KCSE 2026 FINAL PREDICTION

BUSINESS STUDIES

(PREDICTIONS TRIALS 1-10)

THE ULTIMATE FINAL BLUEPRINT FOR KCSE 2026 SUCCESS!

Give your candidates the ultimate competitive edge with this masterfully engineered prediction series. Meticulously designed to replicate the exact format and content of the final KNEC papers, this comprehensive toolkit delivers high-yield, exam-focused practice. It is the definitive revision resource to sharpen understanding, skyrocket self-esteem, and guarantee top-tier grades!

The following are Questions to expect in KCSE 2026.

CONFIDENTIAL!

For Marking Schemes

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KCSE 2026 FINAL BLUEPRINT!

KCSE 2026 FINAL PREDICTIONS**CONFIDENTIAL EXAM 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**

1. Write your name, school and index number in the spaces provided above
2. Write the date of examination and sign in the spaces provided above
3. Answer all the questions
4. All answers should be written in the spaces provided
5. Candidates should ensure that no questions are missing
6. Candidates should answer the questions in English.

For examiners use only

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

Question	23	24	25
Marks			

**TOTAL
MARKS**

QUESTIONS*Answer **all** the questions*

1. **State four** ways in which the prices of goods and services can be determined in an economy other than the price mechanism. (4mks)
2. **Outline four** characteristics of capital as a factor of production. (4mks)
3. **Give four** services rendered by producer's cooperatives societies to their members. (4mks)
4. **Highlight four** factors to consider when deciding an ideal office layout. (4mks)
5. **Highlight four** reasons for making choices between competing wants. (4mks)
6. **Highlight four** external factors that may negatively influence the operations. (4mks)
7. **Outline four** shortcomings of self-employment. (4mks)
8. **Highlight four** causes of cost push inflation. (4mks)
9. **Name** the documents described in each of the following statements. (4mks)
 - a) **Used** to demand for payment before goods are delivered -
 - b) Used to reply to a specific letter of inquiry -
 - c) Informs the buyer that goods ordered for have been dispatched -
 - d) Used to correct an overcharge -
10. **Highlight four** emerging trends in communication. (4mks)
11. **State four** advantages of advertising to a customer. (4mks)
12. **State four** ways in which the nature of goods influence choice of transport means. (4mks)
13. **Indicate** the source document and the book of original entry in which each of the following transaction should be recorded. (4mks)

Transaction	Source Document	Books 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 assets on credit		

14. The following information relates to Mkabwa traders ltd as at 31/12/2015

Capital	290,000
Drawings	35,000
6 years loan	500,000
Furniture	600,000
Closing stock	40,000
Cash in hand	155,000
Debtors	100,000
Bank overdraft	140,000

Required;

Prepare Mkabwa Traders Ltd Balance Sheet as at 31/12/2015. (4mks)

15. **State** four negative implications of overpopulation. (4mks)

16. **Highlight** four channels of distribution of imported products. (4mks)

17. **Highlight** four challenges that may be faced in the course of measuring national income. (4mk)

18. **Highlight** four ways in which a consumer may be exploited. (4mks)

19. **State** four merits of a bonded warehouse to the government. (4mks)

20. **Highlight** four circumstances under which a firm may be located near the market. (4mks)

21. **Highlight** four benefits Kenya get by being member of EAC. (4mks)

22. **The following** balances were extracted from Isaboke Traders books of accounts.

	Kshs
Opening stock	25,000
Closing stock	35,000
Purchases	190,000
Mark-up	20%

Calculate;

- i) Cost of goods sold (1mk)
- ii) Gross profit (1mk)
- iii) Sales (1mk)
- iv) Rate of stock turnover (1mk)

23. **Highlight** four roles of ethics in business. (4mks)

24. **Give** the term used in insurance that fits each of the following descriptions.

Description	
a) Periodic payment by the insured	
b) Methods of calculating compensation in case of under insurance	
c) Acquiring the right the insured had in the destroyed property	
d) Life assurance lasting for a specific period	

25. **Highlight four** disadvantages of using a bank overdraft as a source of finance. (4mks)

KCSE 2026 FINAL PREDICTIONS

CONFIDENTIAL EXAM 1

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

NAME.....

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

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

Kenya Certificate of Secondary Education.

INSTRUCTIONS TO CANDIDATES

1. Write your name, school and index number in the spaces provided above.
2. Write the date of examination and sign in the spaces provided above.
3. This paper consists of 6 questions.
4. Answer **any five** questions.
5. All questions carry equal marks.

FOR EXAMINER'S USE ONLY

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

Answer **any five** questions.

1.a) Explain five factors that may promote entrepreneurship in Kenya. **(10 marks)**

b) Explain five principles of public expenditure. **(10 marks)**

2a). Explain five challenges that be experienced by a country whose population is made up of large population of young people. **(10 marks)**

b) Explain five differences between a partnership and public limited company forms of business units. **(10 marks)**

3a) The following transactions occurred in the business of Mambo traders in the month of September 2022.

Sept 1: Balance brought forward cash sh 55,000

Bank sh 250,000 (cr)

Sept 2: Cash sales directly banked sh 535,250

Sept 3: Bought ribbons in cash sh 4,500

Sept 6: A debtor Winnie paid her account of sh 60,000 by cheque after deducting a cash discount of 2%.

Sept 10: Paid Nyongesa a creditor sh 94,000 having deducted a cash discount of 6%.

Sept 13: Paid salaries in cash sh 34,000.

Sept 15: Withdrew sh 50,000 from bank for office use.

Sept 25: Anyango a debtor settled her account of sh 75, 000 by cheque after deducting 10% cash discount.

Sept 30: Deposited all the cash into the bank except sh 13,700.

Required: Prepare three column cash book. **(10 marks)**

b). Kenya is looking forward for the implementation of vision 2030. explain five problems that may be encountered during the implementation of the plan. **(10 marks)**

4a). There's has been a decline in the demand for wooden furniture. Explain five factors that may have caused this trend. **(10 marks)**

b). The information given below was extracted from the books of Bargain stores as at 31st dc 2020.

Details	DR	CR
Stock 1/1/2020	35,000	
Carriage inwards	15,000	
Sales		395,000
Purchases	270,000	
Returns	8,000	4,000
Discounts	3,000	5,000
Insurance	10,000	
Advertising	5,000	
Carriage outwards	7,000	

Premises	400,000	
Machinery	200,000	
Bank loan		
Debtors	45,000	
Drawings	20,000	
Bank		215, 000
Creditors		50, 000
Salaries	18,000	
Rates	12,000	
Capital		379,000
Total	<u>1,048,000</u>	<u>1,048,000</u>

Additional information: stock on 31st dec 2020 was sh 50,000.

Required: i) Trading profit and loss account

(6mks)

ii) Balance sheet

(4mks)

5a). Explain five reasons for imposing trade restrictions.

(10 marks)

b). Explains five disadvantages of personal selling.

(10 marks)

6.a) Explain five factors to be considered when selecting office equipment to buy.

(10 marks)

b) Describe five monetary tools that can be used to control inflation.

(10 marks)

KCSE 2026 FINAL PREDICTIONS**CONFIDENTIAL EXAM 2**

565/1

BUSINESS STUDIES**PAPER 1****TIME: 2 HOURS**

NAME.....

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

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

Kenya Certificate of Secondary Education.

565/1

BUSINESS STUDIES**Paper 1****Instructions to candidates**

- a) Write your name, class and admission number in the spaces provided above
- b) Answer **all** the questions
- c) All answers should be written in the spaces provided in this paper
- d) Check the question paper to ascertain that all questions are printed
- e) Answer the questions in English

For Examiners Use Only

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

16	17	18	19	20	21	22	23	24	25

Answer *all* the questions

1. Outline **four** reasons why filing is an important function of an organization. (4marks)
2. Koech started a business dealing in ladies clothing ten years ago. His business has gradually been growing and making more profits. Outline **four** reasons that may account to this. (4 marks)
3. The table below contains descriptions of some goods. Classify them as Consumer, Intermediate, Free goods or Capital goods. (4marks)

Description	Classification
a) Goods used in the production of other goods but does not form part of the finished products	
b) Goods that are in their final state of usage	
c) Goods that are abundant in supply and have no monetary value	
d) Goods that are not ready for use before they are further processed	

4. Outline **four** examples of open trade credit used in home trade. (4marks)
5. Outline **four** factors that determine the amount of money held by an individual for speculative motive. (4 marks)
6. Using a (+) for increase, (-) for decrease and (0) for no effect, indicate the effects of the following transactions on Assets, Liabilities, Capital and the balance sheet totals. (4 marks)

Description	Assets	Liabilities	Capital	Balance sheet totals
a) Bought goods worth shs 5000 on credit				
b) Sold goods worth shs7000 for shs8000 Cash				
c) The Proprietor took goods worth shs 2000 for personal use				
d) The Proprietor donated personal motor vehicle worth shs 500,000 to the business				

7. Outline **four** reasons that may have led to the change in quantities demanded of commodity X in the market as shown in the schedule below. (4marks)

Time	January	February	March	April
------	---------	----------	-------	-------

Price (shs)	120	120	120	120
Quantities demanded	6,000	4,000	2,800	2,000

8.The capital of Kimosop traders on 1st January 2018 was shs. 85,000. During the year, additional investments of shs.50,000 and drawings of shs.60,000 were made. The capital as at 31st Dec 2018 was 65,000. Calculate Kimosop trader's profits or loss. **(4 marks)**

9. Highlight four reasons why the government may decide to reduce her shareholding in public corporations to a level below 50%. **(4 marks)**

10. State how the following components are treated in the measurement of national income. **(4marks)**

National income component	State whether added or subtracted
a). Transfer Payments	
b). Depreciation	
c). Subsistence farming	
d). Net income from Abroad	

11. State **four** differences between ordinary shares and preference shares. **(4 marks)**

12. State **four** circumstances under which the use of face to face communication may be appropriate. **(4 marks)**

13. Highlight **four** disadvantages of using sea transport. **(4 marks)**

14. Outline **four** circumstances under which a intermediaries is used in distribution of a firms products. **(4 marks)**

15. Balance the following ledger accounts and extract a trial balance as at 30th June 2015 **(4 marks)**

Dr	Debtors a/c	Cr	Dr	Capital a/c	Cr
2/6/15 Bal b/d 7000	8/6/15 Cash	1500		2/6/15 Bal b/d	16000

Dr	Cash a/c	Cr	Dr	Creditors a/c	Cr
2/6/15 Bal b/d 12,000	5/6/15 Creditors 2000		5/6/15 Cash 2000	2/6/15 Bal b/d 3000	
8/6/15 Debtors 1500					

16. State **four** causes of structural unemployment.

(4marks)

17. Highlight **four** characteristics of a public warehouse.

(4 marks)

18. The following balance sheet belongs to Rivatex Traders.

Rivatex
Balance Sheet
As at 30th June 2022

<u>Fixed Assets</u>	sh		Sh
sh		Capital	120,000
Premises	90,000	Add Profit	<u>30,000</u>
Furniture and Fixtures	70,000	Net Capital	150,000
Land	<u>140,000</u>		
300000		<u>Long Term Liabilities</u>	
<u>Current Assets</u>		5 year bank loan	200,000
Cash	7000	<u>Short term liabilities</u>	
Stock	15000	Bank overdraft	<u>7,000</u>
Bank	10000		<u>357,000</u>
Pre-paid rent	25000		
<u>57000</u>			
	<u>357,000</u>		

Required: Calculate

i) Working Capital

(1 mark)

- ii) Borrowed Capital (1 mark)
- iii) Capital Employed (1 mark)
- iv) Capital invested (1 mark)

19. State **four** levels of inflation. (4marks)

20. The following statements relate to a description of a certain type of tax. Identify the tax and classify it as either direct or indirect tax. (4 marks)

	Description	Tax	Classification
(a)	A tax that is imposed on goods that are manufactured and sold within a country.		
(b)	Tax usually levied on profits of companies		
(c)	Tax levied on the value that a business adds to a product.		
(d)	Tax levied on personal wealth that goes beyond a certain limit.		

21. Record the following transactions in the relevant **journals** (4 marks)

2019

Feb 2: Bought goods on Credit worth shs6500 from Eldolink suppliers

Feb 8: Sold goods worth shs5000 on credit to Jamal.

Feb 12: Sold stock valued at shs8500 on credit to Musyoka

Feb 16: Bought goods worth shs3000 on credit from Jetlink traders

22. John and Peter bought a Nissan matatu worth sh. 3,000,000. John paid sh. 2,000,000 and Peter sh. 1,000,000. They insured the matatu for a comprehensive cover for shs 2,500,000. Later the matatu was involved in an accident to a loss of sh 1,500,000. How much were they compensated and give reasons in support of your answer? (4 marks)

23. Outline **four** reasons why subsistence production is discouraged in many countries. (4 marks)

24. **Highlight** four features of an Oligopoly market structure. (4 marks)

25. Describe the following terms of sale as used in international trade. (4 marks)

- a) LOCO
- b) Free Alongside Ship
- c) Cost & Freight
- d) Franco

KCSE 2026 FINAL PREDICTIONS

CONFIDENTIAL EXAM 2

565/2

BUSINESS STUDIES

PAPER 2**TIME: 2½ HOURS**

NAME.....

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

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

Kenya Certificate of Secondary Education.

INSTRUCTIONS TO STUDENTS

- (a) This paper consists of **six** questions.
- (b) Answer any **five** questions.
- (c) Answers should be written in the spaces provided after question **six**.
- (d) All questions carry equal marks.

FOR TEACHER'S USE ONLY

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

Answer any **five** questions.

1. a) Explain **five** ways in which the demographic environment may positively influence business activities. (10 marks)
- b) Explain **five** advantages that accrue to a firm due to increased production. (10 marks)

2. a) Explain **five** reasons for the popularity of using social media in product promotion. (10 mks)
- b) Explain **five** measures that a country may take to correct a balance of payment deficit. (10 mks)

3. a) Explain **five** differences between a cooperative society and a private limited company. (10 mks)
- b) Outline **five** benefits that a country may derive by preparing a development plan. (10 marks)

4. a) The table below shows the Gross Domestic Product (GDP) of a country X in the year 2014 to 2018.

Year	2014	2015	2016	2017	2018
GDP (Sh in millions)	19,201	27,304	33,092	41,067	54,689

- Explain **five** factors that may have caused the above trend. (10 marks)
- b) Explain **five** causes of demand pull inflation. (10marks)

5. a) Kenya is endowed with some economic resources yet it has failed to exploit them. Outline **five** reasons that account for this. (10 marks)
- b) On 1st May 2022, Sosiot traders had Sh.25,000 Cash in hand and Bank overdraft of sh 15,000. During the month the following transactions took place.

2022

- May 3: Kipkurui ,a debtor settled his account of sh 12000 by cheque of sh 10,000
- May 5: Paid rent by cash sh. 5000
- May 6: Deposited sh. 2000 into the business bank account from the cash till.
- May 8: Received sh 6000 Cash from Kamau, a debtor
- May 10: Wanjiku a debtor settled her account of 15,000 by cheque, having been allowed 20% discount.
- May 15: Purchased Furniture worth sh 3,000 paying by cheque
- May 18: Deposited sh 7,000 into the bank from private sources.
- May 23: Received the following amounts in cash from debtors having deducted cash discount of 5%. Kertich sh 7600, Brian sh 4750
- May 25: Banked all the available Cash except sh 1000

Required:

Prepare a dully balanced three column cash book. (10 marks)

6. a) By aid of a diagram, explain how price of a commodity is determined by the forces of demand and supply. (10 marks)

b) The following trial balance was extracted from the books of Rafiki traders as at 31st December 2022.

Rafiki traders		
Trial Balance		
As at 31 st December 2022		
	Dr. (Sh.)	Cr. (Sh.)
Purchases	420,000	
Sales		855,000
Returns	12,000	20,000
Creditors		100,000
Debtors	63,000	
Bank overdraft		65,000
Motor- vehicle	480,000	
Cash in hand	65,000	
Furniture	190,000	
Carriage inwards	14,000	
Stock on 1 st Dec 2022	280,000	
Capital		626,250
Drawings	88,000	
Telephone	6,400	
Insurance	8,200	
Postage	3,850	
Rent	19,600	
Discounts	7,300	4,000
Advertising	12,900	
	<u>1,670,250</u>	<u>1,670,250</u>

Additional information;

Stock as at 31st December 2022 amounted to shs.60,000.

Required:

(i) Prepare Rafiki traders trading profit and loss account. (6 marks)

(ii) A balance sheet as at 31st December 2022. (4 marks)

KCSE 2026 FINAL PREDICTIONS**CONFIDENTIAL EXAM 3**

565/1

BUSINESS STUDIES**PAPER 1****TIME: 2 HOURS**

NAME.....

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

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

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

Answer all questions in the spaces provided in the question papers.

EXAMINER'S USE

1	2	3	4	5	6	7	8	9	10

11	12	13	14	15	16	17	18	18	20

21	22	23	24	25

GRAND SCORE

Answer *all* the questions

1. State four reasons why one may start a business. (4 mks)

2. State four features of goods. (4 mks)

3. In the table below indicate the type of utility described. (4 marks)

Description	Type of utility
a) Collecting firewood	
b) Storage of maize	
c) Selling clothes	
d) Manufacturing goods	

4. State four factors that discourage entrepreneurial development in an economy (4 mks)

5. Outline four qualities that Nyakundi should possess in order to work effectively in an office.

(4 mks)

6. Highlight four characteristics of road side traders (4 mks)

7. Momanyi a form four school leaver wants start a business sole. State four advantages he will get by doing the business jointly with another person. (4 mks)

8. Highlight the role of consumer organizations in consumer protection. (4 mks)

9. Highlight four circumstances under which containerization may be suitable in the transportation of goods. (4 mks)

10. List four services that facilitate communication. (4 mks)

11. State four importance of aware housing to a trader. (4 mks)

12. Matoke insured his car for Kshs 400,000 against motor accident. The value of the car was Kshs 300,000. After one week the car was involved in an accident and loss was valued at Kshs 200,000. Calculate compensation that Matoke received. (4 mks)

13. State three after sale services a computer firm may offer its customers. (4 mks)

14. Give three reasons why demand curve of good usually slopes downwards from the left to the right (3 mks)

15. State four reasons why small scale firms are more popular in Kenya than large scale firms.

16. State four sources of oligopoly power (4 mks)

17. Complete the table below. (4 mks)

Assets	Liabilities	Capital
a) 180560	-----	97200
b) -----	99300	106000
c) 350200	167300	-----
d) 650700	-----	137200

18. State four problems associated with income approach method of measuring national income. (4 mks)
19. State four measures that can be taken by the government to solve unemployment problem in Kenya (4 mks)
20. For each of the following transactions indicate the account to be debited an account to be credited. (4 mks)

Transaction	Account to Debit	Account to credit
a) Started business with cash money		
b) Bought stock on credit from Mwangaza traders		
c) Bought motor vehicle on credit from Kwanza motors		
d) Paid Mwangaza traders by cash		

21. Record the following transactions of **Kenyan traders** in the trial balances provided for the month ended 31st Aug, 2022.

Cash	Ksh. 100,000
Loan	Ksh. 430,500
Motor vehicle	Ksh. 700,000
Premises	Ksh. 1,200,000
Creditors	Ksh. 70,000
Capital	Ksh. 1,500,000

KENYANYA TRADERS**Trial balance as at 31st Aug, 2022.**

ACCOUNT	DR	CR
Premises		
Motor vehicle		
Cash in hand		
Capital		
Loan		
Creditors		

22. State four uses of a trading account (4 mks)
23. State four methods of credit control used by the central bank of Kenya. (4 mks)
24. State four uses of public finance. (4 mks)
25. From the following transactions identify the journal entry. (5 mks)

Transactions	Journal entry
1) Bought a business bicycle on credit	
2) Returned 10 cartons of milk to Makanyango previously bought on credit	
3) Receive one tray of eggs from lilian for sale and did not pay.	
4) Sold goods to Habiba on credit	
5) Bought goods from Karitu and paid on spot	

KCSE 2026 FINAL PREDICTIONS

CONFIDENTIAL EXAM 3

565/2

BUSINESS STUDIES

PAPER 2

TIME: 2½ HOURS

NAME.....

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

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

Kenya Certificate of Secondary Education.

INSTRUCTIONS

- (a) This paper consists of six questions.
- (b) Answer any FIVE Questions.
- (c) Write your answers in the answer booklet provided.
- (d) ALL Questions carry equal marks.

For examiner's use only

Question	1	2	3	4	5	6	Total
Marks							

Answer any **FIVE** Questions.

1. (a) Explain **FIVE** ways a sender of a message can ensure it is received effectively. **(10 mks)**
(b) Outline **FIVE** reasons why a bank may dishonour a cheque. **(10 mks)**
2. (a) Identify **FIVE** reasons for the popularity of hawking as a form of business activity in Kenya **(10 mks)**
(b) Highlight **FIVE** factors a trader would consider before giving credit to a customer. **10mks)**
3. (a) Explain **FIVE** reasons for the importance of commercial banks in an economy. **(10mks)**
(b) Describe **FIVE** ways a company may acquire monopoly status. **(10 mks)**
4. (a) Highlight **FIVE** documents used in home trade and their uses. **(10 mks)**
(b) Explain **FIVE** factors that may cause a demand curve to shift to the right. **(10 mks)**
5. (a) Identify **FIVE** characteristics of land as a factor of production. **(10 mks)**
(b) Identify **FIVE** rules and regulations that may be highlighted in an Articles of Association. **(10 mks)**
6. (a) Identify **FIVE** problems a country with a big percentage of a young population may face. **(10 mks)**
(b) The following balances were extracted from the books of Fuatana Traders on 31st August 2022.

Sales		120,000
Stock 1.9.2021	3,500	
Purchases		82,000
Carriage out	2,500	
General expenses	26,000	
Lighting and heating	1,200	
Wages		24,000
Carriage in		3,000
Stock 31.8.2022	2,400	
Capital		106,000
Creditors		60,000
Equipment		45,600
Debtors		55,700
Cash at bank	30,000	
Cash in hand	12,500	

Required

- i. Prepare a trading and profit and loss account for the year ended 31st August 2022. **(6 mks)**
- ii. A balance sheet as at the same DATE. **(4 marks)**

KCSE 2026 FINAL PREDICTIONS

CONFIDENTIAL EXAM 4

565/1

BUSINESS STUDIES

PAPER 1**TIME: 2 HOURS**

NAME.....

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

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

Kenya Certificate of Secondary Education.

INSTRUCTIONS

- Write your **NAME**, **SCHOOL** and **INDEX NUMBER** in the spaces provided.
- Answer **ALL** questions provided in the spaces provided.
- This paper consists of **10 printed pages** and **25 questions**.

FOR EXAMINERS USE ONLY

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

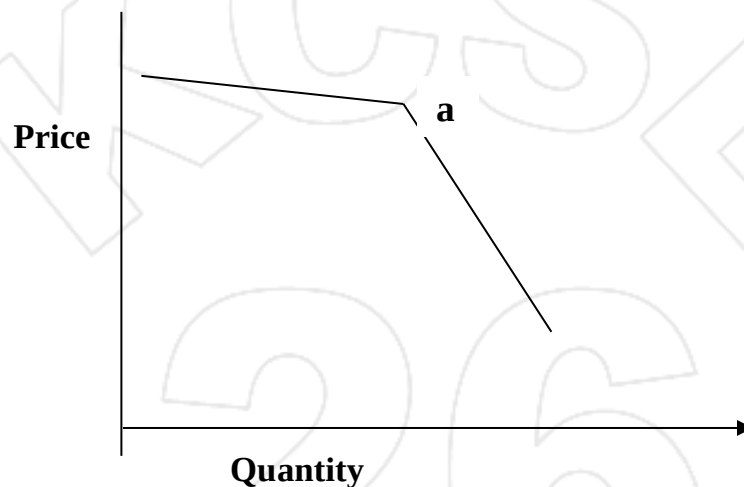
17	18	19	20	21	22	23	24	25	TOTAL

*Answer **ALL** questions provided in the spaces provided*

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Answer ALL questions

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



- a) State the name which is given to such a demand curve. **(1 marks)**
- b) Indicate on the diagram the possible price and quantity. **(2 marks)**
- c) State the significant of the point labelled a. **(1 mark)**
7. State **four** advantages of using intermediaries in the distribution of goods. **(4 marks)**
8. Give **four** reasons facing cooperative societies. **(4 marks)**
9. State **four** advantages of franking machine. **(4 marks)**
10. The following information was extracted from the books of Venus traders.
Rate of turnover. 3 times
Mark-up. 20%
Opening stock. Sh 160,000
Closing stock. Sh 200,000

Required

i) Gross profit. (2 marks)

ii) Sales. (2 marks)

11. Outline **four** factors that may hinder occupational mobility of labour. (4 marks)

12. The following relate to Furaha Traders for the year 2020

- i) Closing capital (31.12.2020) sh 300,000
- ii) The owner converted his personal computer valued at sh 35,000 into business use.
- iii) The owner had withdrawn goods worth sh 40,000 for personal use.
- iv) Incurred losses amounting to sh 65,000

Determine Furaha Traders initial capital on(1.01.2006). (4 marks)

13. For each of the following books of original entry, indicate the source document: (4 mks)

Journal	Source document
Purchase journal	
Sales day book	
Petty cash book	
General journal	

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

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

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

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

16.State four factors that determine the amount of money held for transaction motive.(4 marks)

17. State **four** objectives of product promotion. (4 marks)

18. Highlight **four** difficulties faced in satisfaction of human wants. (4 marks)

19. Highlight **four** factors under economic environment that positively affects the business.

(4marks)

20. Outline **any four** measures that a firm should take to improve the performance of its labour force. **(4 marks)**

21. List **four** reasons why distributors of goods would prefer to locate warehouse near it customers. **(4 marks)**

22. Highlight **four** benefits of globalization to business enterprise. **(4 marks)**

23. Kazi moto insured a motor vehicle against fire with MotoMoto company by paying Kshs.300.000. later the car was destroyed at a garage and a compensation of Kshs. 4,000 were paid. Using insurance terms, state what each of the following stand for; **(4 marks)**

- a) Kazi Moto
- b) Fire
- c) Kshs 300,000
- d) Moto Moto Company

24. State **four** responsibilities of a business to its customers. **(4 marks)**

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

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

KCSE 2026 FINAL PREDICTIONS**CONFIDENTIAL EXAM 4**

565/2

BUSINESS STUDIES**PAPER 2****TIME: 2½ HOURS**

NAME.....

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

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

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

1. Write your **NAME**, **SCHOOL** and **INDEX NUMBER** in the spaces provided.
2. Answer **ANY FIVE** questions provided in the spaces provided.
3. This paper consists of **6 questions**

FOR EXAMINERS USE ONLY

Questions	1	2	3	4	5	6
Mark						

TOTAL

Answer ANY FIVE questions

1. (a) Explain **five** factors that may lead to the success of a business enterprise. **(10 marks)**
- (b) Spain and France are developed countries in Europe. Discuss **five** problems of using national income statistics to compare the living standards of their citizens. **(10 marks)**
2. (a) Explain **five** principles that would lead to effective operation of Jubilee insurance company. **(10 marks)**
- (b) Explain **five** attributes of a good money material. **(10 marks)**
3. (a) Explain **five** differences of a public Limited company and a partnership. **(10 marks)**
- (b) Explain **five** characteristics of economic resources. **(10 marks)**
4. (a) Describe **five** documents required to register a public limited company. **(10 marks)**
- (b) On 1st June 2022, the following balances were in the books of Semanya Traders.
- Cash sh 15,000 Bank CR 40,000
- The following transactions occurred during the month.
- Date 4 Omenga a debtor settled his account of sh 10,000 by a cheque of sh 8,000.
- 7 Deposited sh 4,000 into the business Bank account from the cash till
- 8 Paid rent by cash sh 4,000
- 14 Cash sales sh 14,000
- 17 Purchased furniture worth sh 3,000 paying by cheque
- 18 Settled Maina's account of sh 10,000 after being allowed a discount of 5% by cash
- 20 Received sh 6,000 cash from Nyori a debtor.
- 22 Kemboi a debtor settled his account of sh 4,000 by cheque having been allowed a discount of 2%.
- 25 Deposited sh 17,000 into the bank from private sources.
- 30 Banked all the cash.

Required

Prepare a three column cash book duly balanced.

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

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

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

(b) The following trial balance relates to Kangogo traders as at 30th June 2022

Particular	Dr	Cr
Stock 1 st July 2021	450,000	
Purchases	800,000	
Sales		1,200,000
Carriage Outwards	10,000	
Carriage Inwards	5,000	
Returns	30,000	20,000
Sundry Expenses	100,000	
Transport	20,000	
Stock 30 th June 2022	550,000	
Capital		745,000
	<u>1,965,000</u>	<u>1,965,00</u>

Required:

Calculate;

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

KCSE 2026 FINAL PREDICTIONS

CONFIDENTIAL EXAM 5

565/1

BUSINESS STUDIES

PAPER 1**TIME: 2 HOURS**

NAME.....

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

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

Kenya Certificate of Secondary Education.

INSTRUCITONS TO CANDIDATES

- Write your name and index number in the spaces provided above.
- Sign and write the date of examination in spaces above.
- Answer ALL the questions in the spaces provided.
- Candidates should answer the questions in English

FOR EXAMINER'S USE ONLY

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

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

Answer ALL the 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 2022.

	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

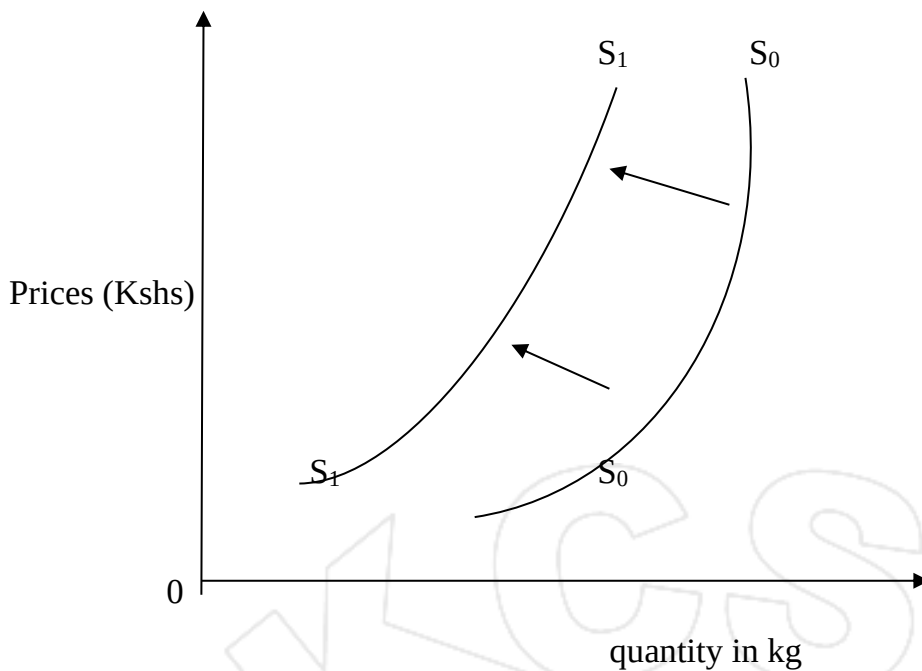
Transaction	A/c debited	A/c credited
--------------------	--------------------	---------------------

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 2022. During the year ended June 30th 2023, 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 2023 (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 2022
- | | |
|----------------------|---------|
| 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 2022. (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. **(4mks)**

KCSE 2026 FINAL PREDICTIONS

CONFIDENTIAL EXAM 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**

- a) This paper consists of **six** questions*
- b) Answer any **five** questions*
- c) All questions carry equal marks*
- d) Write your answers in spaces provided.*

FOR EXAMINER'S USE ONLY

Question	Maximum score	Candidate's Score
1	20	
2	20	
3	20	
4	20	
5	20	
6	20	
	TOTAL SCORE	

Answer any **five** questions

1 a) Describe five features of economic resources **(10marks)**

b) Explain five internal economies of scale that a firm can enjoy as its scale of production increases. **(10marks)**

2a) Explain five important of filing documents in an organization **(10marks)**

b) Explain five factors that determine the size of a firm **(10marks)**

3a) The following trial balance was prepared from the books of Muranga traders as at 31st Dec 2018

Muranga traders

Trial balance
As at 31st Dec 2022

	Dr (shs)	Cr (shs)
Sales		900,000
Purchases	500,000	
Returns	60,000	20,000
Carriage inwards	30,000	
Carriage outwards	3,000	
Stock (jan 2022)	100 ,000	
Rent	12,000	60,000
Delivery van	300,000	
Bank	60,000	
Creditors		50,000
Debtors	100 000	
Interest	18,000	
General expenses	7,000	
Capital		178,000
	1,190,000	1,190,000

Stock on 31st Dec 2022 was at sh.130,000 required,

Prepare a trading profit and loss account for the year ended 31st Dec 2022. **(10marks)**

3b) Explain any five limitations of advertising goods in newspapers **(10marks)**

- 4a)** Explain 5 ways of correcting balance of payment deficit. **(10marks)**
- b)** Explain five factors that are likely to lead to high birth rate in Kenya. **(10 marks)**
- 5a)** Explain five challenges that may be faced by a producer who sells goods directly to consumers. **(10 marks)**

b) On March 1 2017, Lyon had cash in hand sh.87,000 and cash at bank sh.250,000. During the month, the following transactions took place:

2017

- March 2:** Cash sales sh.60,000
- 3:** Paid salaries sh.101,500 by cheque
- 7:** Received a cheque of sh.76,000 from Henry after allowing him a cash discount of 5%
- 13:** Bought office furniture by cheque sh.86,000
- 17:** Settled Marita's account for sh.34,200 in cash, having deducted sh.800 cash discount.
- 20:** Received a cheque for sh.165,000 in respect of cash sales.
- 22:** Paid wages sh.25,000 in cash.
- 24:** Withdrew sh.32,000 from the bank for office use.
- 25:** Withdrew sh.4000 cash for personal use
- 29:** received sh.17,000 cash from Alvin in settlement of his account less sh.1000 cash discount.
- 31:** Deposited all the money into the bank except sh.24,000.

Required:

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

6a) Differentiate between life assurance and property insurance **(10marks)**

b) Explain five circumstances under which personal selling may be most appropriate.

(10 marks)

KCSE 2026 FINAL PREDICTIONS

CONFIDENTIAL EXAM 6

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

NAME.....

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

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

Kenya Certificate of Secondary Education.

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES:

- Write **your name** and **Admission Number** in the spaces provided.
- Answer **all** the questions in the spaces provided.

FOR EXAMINER'S USE ONLY:

Question	Maximum score	Candidate's score
1-25	100 MARKS	

Answer **all** the questions.

- 1). Outline four features of Basic wants (4mks)
2). Name the type of warehouse associated with each of the statement given below (4mks)

Statement	Type of warehouse
a). Good can be stored before payment of custom duties	
b). Individual can hire storage facilities	
c). goods are stored from several manufacturers	
d). Specialized goods are stored	

3. Highlight four characteristics of monopolistic competitive market (4mks)
4).The following balances were extracted from The books of Gaitu Traders for the month ended on 31st march 2022,

	Sh.
Sales	420,000
Purchases	240,000
Motor van	300,000
Equipment	120,000
Debtors	80,000
Creditors	40,000
Expenses	160,000
Capital	440,000

Prepare trial balance for Gaitu Traders as at 31st march 2022.

(4mks)

- 5). Outline four benefits that Kenyan government from may get as a member of common market for Easter and Southern Africa (COMESA) (4mks).
6). Highlight Four circumstances under which a seller may offer after sales service to the buyer (4mks)
7). Highlight four indicators of economic growth that may be observed as a country progresses (4mks)
8). Outline four ways in which internal environment may contribute to success of a business(4mks)
9).Highlight four principles of a co-operative society (4mks)
10). Mobile phones have become a common means of communication in Kenya today. State four challenges that a trader may encounter when using mobile phones (4mks)
11). State four ways in which a youthful population may be useful to Kenyan economy (4mks)

- 12). State four characteristic of money (4mks)
- 13). Outline four principles of public expenditure. (4mks)
- 14). On 2nd November 2006 Kinoti received an invoice of Ksh. 12,000. Terms of payment were trade discount 5% and cash discount of 10% if payment is made within 30days. Determine the amount paid if payment was made on 28th November 2006. (4mks)
- 15). Outline four characteristic of property insurance (4mks)
- 16). Highlight four factors that may cause supply curve to shift to the right (4mks)
- 17). List four features of a good filing system (4mks)
- 18). The following information relates to Khadija wholesalers. Capital at the end of the year 2016 was sh. 190, 000, profit sh, 20,000, additional investment sh, 75,000 and drawings were sh.5000. Calculate Khadija wholesalers' initial capital.
- 19). Kenya has recently discovered crude oil in turkana. Outline four advantages of transporting the oil through pipeline (4mks)
- 20). The table shows some occupation in production .Indicate the level of production associated with each of the following occupations. (4mks)
- 21). Highlight four benefits that would accrue to a firm located near other existing firms. (4mks).
- 22). State four roles of intermediaries in the chain of distribution. (4mks)
- 23). Outline four benefits of a business plan to an entrepreneur (4mks)
- 24). The following balances were extracted from the books of Kinja traders as at 31st December 2005.

	Sh.
Current liabilities	150,000
Net profit	50,000
Total Assets	500,000
2years Bank loan	100,000

Occupation	Level of production
a) mining	
b) oil refining	
c) insurance	
d) Teaching	

Calculate the rate of return on capital (5mks)

- 25). Outline three monetary policy tools used by the central bank to control inflation. (3mks)

KCSE 2026 FINAL PREDICTIONS**CONFIDENTIAL EXAM 6**

565/2

BUSINESS STUDIES**PAPER 2****TIME: 2½ HOURS**

NAME.....

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

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

Kenya Certificate of Secondary Education.

565/2

PAPER 2**BUSINESS STUDIES****TIME: 2 ½ HOURS****INSTRUCTIONS**

4. Write your **NAME**, **SCHOOL** and **INDEX NUMBER** in the spaces provided.
5. Answer **ANY FIVE** questions provided in the spaces provided.
6. This paper consists of **6 questions**

FOR EXAMINERS USE ONLY

Questions	1	2	3	4	5	6
Mark						

TOTAL

Answer ANY FIVE questions

1. a). Explain five factors that may promote entrepreneurship in Kenya (10mks)
- b). Explain five causes of balance of payments disequilibrium (10mks)
2. a). Explain five features that would be considered when establishing a warehouse for imported goods (10mks)
- b). On 1st September 2015, Kakamega Traders had shs55, 000 in hand and shs 250,000 in Bank. During the month, the following transactions took place. (10mks)
- Sept:** 2: cash sales were banked shs. 35,260.
- 3: Bought ribbons in cash shs. 4,500.
- 8: Paid Wangila creditor shs. 94, 000 by cheque,
In full settlement of his account after deducting 6% cash discount.
- 12: received a cheque for shs. 59,800 from macharia after allowing him cash discount of shs. 1,200
- 15: Paid salaries of shs 34,000 in cash.
- 25: withdrew shs. 50,000 from bank for office use.
- 28: Wanjiku a debtor paid her account of shs. 75,000 by cheque less 10% cash discount
- 30: Deposited all the cash into the bank except shs. 13,700.
- Required:** Prepare Kakamega Traders 3 –column cash book and balance it off (10mks)
3. a). Explain five benefits that a private limited company may enjoy by changing to a public limited company (10mks)
- b). Explain the functions of the following documents as used in home trade (10mks)
- i). Invoice
- ii). Debit note
- iii). Credit note
- iv). Receipt
- v). Statement of account
4. a). Explain any five sources of monopoly power in a monopoly (10mks)
- b). Explain five benefits that Kenya enjoys by being a member of the African development Bank (10mks)

5. a). Outline any five principles of insurance (10mks)

b). The following trial balance relates to XYZ ltd.

XYZ limited

Trial Balance

As at 31st Dec. 2013.

Details	Dr Kshs	CR Kshs
Capital		800,000
Opening stock	200,000	
Purchases	680,000	
Returns	50,000	80,000
Discount	80,000	45,000
Carriage inwards	42,000	
Debtors and creditors	200,000	105,000
Sales		1,200,000
Motor vehicles	750,000	
Furniture and fittings	250,000	
Rent	50,000	60,000
Bank overdraft		42,000
Carriage outwards	30,000	
Additional information:		
Closing stock was valued at shs. 80,000		

Required:

Prepare XYZ limited Trading, profit and loss account (10mks).

6. a). Unemployment has been major problem that the Kenyan government has been trying to solve. Explain any five measures that the Kenyan government has taken to solve this problem (10mks)

b) Explain any five sources of public finance (10mks)

KCSE 2026 FINAL PREDICTIONS**CONFIDENTIAL EXAM 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**

- Answer *all* the questions in the spaces provided.

For Examiner's Use Only

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

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

Total Marks

Answer all the questions

1. Identify four roles that equipments play in an office. **(4 marks)**
2. Highlight four internal weaknesses that may affect business performance **(4 marks)**
3. Identify four common means of verbal communication **(4 marks)**
4. State the type of co-operative society that fits the description given below **(4 marks)**

DESCRIPTION	TYPE OF CO-OPERATIVE
a. A co-operative formed to improve production and selling of goods by members	
b. An association of buyers formed to be buying goods in bulk and selling at fair prices	
c. An association of persons who save regularly and obtain loans at low interest	
d. Formed by members who save into a common pool and funds using to construct houses for members	

5. Outline four principles that guide a government in collecting and spending public finance **(4 mks)**
6. Highlight four disadvantages of monopoly markets **(4 marks)**
7. Identify four factors that may cause demand- pull inflation too occur in a country **(4 marks)**
8. State four problems facing small scale business in **Kenya** **(4 marks)**
9. Identify four differences between trade discount and cash discount in the table below **(4 marks)**
10. Identify how each of the transactions changes the amount of stock in the stock

Transaction	Effects on stock
a. purchase of goods from suppliers	a.
b. sale of goods to customers	b.
c. sales return by customers	c.
d. purchase returns by suppliers	d.

11. Name four functions of the central bank of Kenya in the economy
12. Identify four benefits of indirect production to a community (4 marks)
13. Fill the missing figures in the table below

	Fixed asset	Current Assets	Capital	Liabilities
a.	275 500		315 000	115 500
b.	182 000	108 700		217 100
c.		76 400	123 100	91 900
d.	313 450	211 340	189 170	

14. Name four measures that a firm can take to improve efficiency of its workers (4 marks)
15. Outline four ways in which consumers can benefit from services of a warehouse (4 marks)
16. The following information relates to Ali General Stores for the year ended 31st Dec 2022.
- Opening stock shs 24 000
- Carriage on sales shs 12 000
- Purchases shs 370 000
- Sales shs 442 500
- Closing stock shs 40 000
- Expenses 10% on gross profit
- Prepare Trading profit and loss account for the year ended 31st Dec 2022 (5 marks)
17. State three pieces of information contained in an insurance policy for goods (3 marks)
18. Name four types of warehouses. (4 marks)
19. Outline four ways in which households contribute to national income in a country (4 marks)
20. Identify four measures taken by government to reduce mortality rate in a country. (4 marks)
21. State four uses of a computer in an organization. (4 marks)
22. Identify four elements of effective communications. (4 marks)
23. Highlight four circumstances under which the capital of a business may change. (4 marks)
24. Name four accounting documents that are used in home trade (4 marks)
25. Identify four contents of a memorandum of association. (4 marks)

**** THE END ****

KCSE 2026 FINAL PREDICTIONS**CONFIDENTIAL EXAM 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.**

1. This paper consist of six questions with section a and b.
2. Answer only five questions, both a and b in the writing material provided.
3. Indicate clearly the questions answered

FOR EXAMINER'S USE ONLY

<u>QUESTION</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
<u>SCORE</u>						

TOTAL

QUESTIONS

1 .a) There has been rapid rate of unemployment over the years in Kenya. Explain **five** measures the government may put in place to curb this trend. **(10 marks)**

b) Explain **five** uses of national income statistics **(10 marks)**

2.a) Explain **five** benefits a country may get by locating industries in different parts of the country
(10marks)

b) Explain **five** differences between shares and debentures **(10 marks)**

3.a) Explain **five** principles that guide operation of insurance companies in Kenya. **(10 marks)**

b) Explain **five** roles played by non-governmental organizations(NGOs) in protecting consumers
(10 marks)

4.a) Explain **five** factors a business should consider while deciding on the office machine to buy
(10 marks)

b. The following information was extracted from the books of Bondo retailers in December 2019.

Dec 2: Bought a computer worth sh.10, 000 on credit from digital traders.

Dec 5: Bought office furniture worth sh. 5,000 on credit from office suppliers limited.

Dec 11: Settled a debt owed to Kamau, a creditor by giving up stock worth sh. 6,000

Dec 15: Sold a printer worth sh.15,500 for sh 18,000 to Kiamaiko ltd on credit

Dec 23: Settled a debt of sh 200,000 owed to a creditor Omoka by giving up a motor vehicle
Worth the same amount

Dec 25. Sold an old set of chairs for sh 53,000 to Milele traders

Dec 27: Sold a motor vehicle worth sh 87,000 for sh 80,000 on credit to Gitau

Dec 30: realized that goods worth sh 10000 sold on credit to Muasya had been recorded in
The books of account as sh 1000

Record the information in the relevant book of original entry **(10 marks)**

5.a) Explain **five** benefits a trader may enjoy by operating a unit shop **(10 marks).**

b. Explain **five** reasons why the demand curve for second hand clothes may shift to the left **(10 marks)**

6.a) Explain **five** circumstances under which a business may decide to offer its customers after sale services **(10 marks).**

b) On 1st May 2020, Kihengo Ltd had cash in hand sh.178,000 and a bank overdraft of shs.23,400.

During the month, the following transactions took place:

May 3: Cash sales sh 16,500 paid direct into the bank.

May 4: Bought goods for sh.15,000 and paid by cheque.

May 6: Cash sales sh.50, 000.

May 9: Received a cheque for Sh.76, 500 from Mwikali in full settlement of her debts.

May 13: Paid insurance premium sh.16,000 in cash.

May 14: Paid Otieno by cheque Sh.9,700 in full settlement of his account having deducted 3% cash discount.

May 21: Withdrew Sh 30,000 from bank for office use.

May 23: Received a cheque of sh 23,750 from Kimani in full settlement of his account less 5% cash discount.

May 25: Paid wages of shs. 20,000 in cash.

May 26: Cheque received from Mwikali was dishonored, the bank charged sh 350.

May 30: Banked all cash except Sh 3,000.

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

KCSE 2026 FINAL PREDICTIONS

CONFIDENTIAL EXAM 8

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

NAME.....

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

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

Kenya Certificate of Secondary Education.

565/1

BUSINESS STUDIES

PAPER 1

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES:

- Write ***your name*** and ***Admission Number*** in the spaces provided.
- Answer ***all*** the questions in the spaces provided.

FOR EXAMINER'S USE ONLY:

Question	Maximum score	Candidate's score
1-25	100 MARKS	

QUESTIONS

- 1.State four reasons why individuals engage in business activities (4mks)
- 2.List any five characteristics of services (5mks)
- 3.State any three circumstances under which human resources help in exploiting natural resources (3mks)
- 4.Highlight any four means of payment available to traders in your home town (4mks)
- 5.Mention any three documents used in home trade which do not contain the prices of goods dispatched (3mks)
- 6.State any five business considerations in evaluating a business opportunity (5mks)
- 7.Use the table below to show four differences between partnerships and private companies (4mks)

Partnerships	Private companies

- 8.Give four reasons as to why a warehouse may be ineffective (4mks)
- 9.Despite the development of widespread & modern means of transportation, human portorage is still popular. Enumerate any four factors that may have contributed to its usage in modernized economies (4mks)
- 10.Identify any five items of information in an insurance policy (5mks)
- 11.State any three unethical practices employed during the promotion of products (3mks)
- 12.Highlight four main circumstances that makes it mandatory for business to use written communication (4mks)
- 13.Identify any four factors that affects both demand and supply of a commodity (4 mks)
14. Outline five ways in which “Land” may influence the location of a firm (5mks)
- 15.State any four expenses incurred by intermediaries in the distribution of goods (4mks)

- 16.Using the book keeping equation fill in the missing figures for business A,B,C and D (4mks)

Business	Assets	Capital	Liabilities
A	36000		12000
B		37000	23000
C	70000		53000
D	18000	6000	

- 17.Highlight four items that are considered when measuring the national income using the expenditure approach (4mks)

18. Use a (✓) to classify the following accounts as either personal, impersonal or private.(4mks)

Account	Personal	Private	Impersonal
Capital			
Owino (debtor)			
Pent income			
Drawings			

19.Complete the following table by indicating the account to be debited and the one to be credited (4mks)

Started a business with Sh 50,000 cash		
Received a cheque from a debtor Kamunya		
Bought office equipment by cheque		
Paid creditor Wambui in cash		

20.Outline five benefits that a community derives from international trade (5mks)

21.A part from taxes, state any other four sources of public finance internally (4mks)

22.The following information relates to Mwangi traders for the month of August

Opening stock Sh.40,000

Purchases Sh.46,000

Carriage in Sh.2100

Closing stock Sh. 22,500

Goods are usually sold at a mark-up of 20%. Prepare a trading account (5mks)

23.State any four importance's of preparing a balance sheet to the business (4mks)

24.Mogere traders had the following information from his books of account as at 31st December 2009 (4mks)

Capital 1/1/09 sh. 6,800,000

Additional capital sh. 1,221,560

Drawing for the year sh. 50,440

Capital 31/12/09 sh. 9,800,000

Determine the profit for the year.

25.Outline the meaning of the term "Crowding out effect"

Stay Safe

KCSE 2026 FINAL PREDICTIONS

CONFIDENTIAL EXAM 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.**

1. This paper consist of six questions with section a and b.
2. Answer only five questions, both a and b in the writing material provided.
3. Indicate clearly the questions answered

FOR EXAMINER'S USE ONLY

<u>QUESTION</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
<u>SCORE</u>						

TOTAL

Answer only five questions.

1. (a) Highlight five characteristics of an efficient tax system. **(10mks)**
(b) Differentiate between a public limited company and a public corporation. **(10mks)**
2. (a) Explain clearly the malpractices by traders against which consumers may need protection by the government. **(10mks)**
(b) Explain clearly with the aid of a diagram the change in equilibrium as a result of a change in demand of a commodity. **(10mks)**
3. (a) Discuss five benefits that a customer may get by using Automated Teller Machine (ATM) for financial transactions. **(8 mks)**

(b) The following trial balance related to Kimani's business as at 31st December 2012

	DR(SHS)	CR(SHS)
Stock on 1 st January 2003	60,000	
Purchases and sales	400,000	580,000
Returns	20,000	50,000
Debtors and Creditors	65,000	40,000
Premises	540,000	
Machinery	200,000	
Fixtures and fittings	100,000	
Carriage outwards	8,000	
Wages and salaries	30,000	
Discounts	25,000	32,000
Commissions	16,000	14,000
Cash in hand	70,000	
Capital		818,000
	<u>1,534,000</u>	<u>1,534,000</u>

REQUIRED:

- (a) Prepare a trading profit and loss account for the period ended 31st December 2012 and a balance sheet as at that date if the closing stock was worth shs 70,000 **(12 mks)**
4. (a) Explain clearly the problems associated with expenditure approach method in measurement of national incomes. **(10mks)**
(b) Outline five reasons why ethical practices is necessary in product promotion. **(10mks)**

5. (a) Jane, a petty cashier was given Sh ,2000 on 1st June 2005. During the month, she made the following payments:

2005

June 2 Stationery Sh 100, staff tea Sh 80.

5 Telephone bill Sh 50, postage stamps Sh 100.

8 Travelling Sh 200, telephone Sh 100.

10 Stationery Sh 50, staff tea Sh 100.

15 Postage stamps Sh 50, travelling Sh 100.

20 Sundry expenses Sh 100.

23 Stationery Sh 80, telephone Sh 40.

25 Travelling Sh 50, sundry expenses Sh 100.

28 Envelopes Sh 20, staff tea Sh 50.

30 Adhiambo, a creditor, was paid Sh 100.

Use the following analysis columns to prepare a petty cash book:

Stationery, Staff tea, Travelling. Telephone, Sundry expenses. Ledger accounts. **(12 mks)**

(b) Explain five demerits that a country may suffer when the government becomes a major investor in business. **(8 mks)**

6. (a) Explain the role played by insurance industry in promoting the development of Kenyan economy. **(10mks)**

(b) Explain clearly the tools of monetary policy used by the central bank to control inflation. **(10mks)**

KCSE 2026 FINAL PREDICTIONS**CONFIDENTIAL EXAM 9**

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 index number in the spaces provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) This paper consists of 25 questions.
- (d) Answer ALL questions in the spaces provided

FOR EXAMINER'S USE ONLY

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

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

TOTAL MARKS

Answer ALL questions in the spaces provided

1. State four elements of economic environment which affect business positively. (4mks)
2. Outline four reasons, which make it difficult to satisfy human wants. (4mks)
3. Give four reasons why Kenya has few entrepreneurs. (4mks)
4. Outline four reasons why the government may train traders. (4mks)
5. Name four recent trends in the transport sector in Kenya. (4mks)
6. State four benefits of advertising products in the face book. (4mks)
7. Outline four factors which cause supply curve to shift to the left. (4mks)
8. State the effect of the following transactions on the balance sheet totals. (4mks)
 - a) Payment to a creditor _____
 - b) Receipts from a debtor _____
 - c) Addition of capital _____
 - d) Purchase of an asset on credit _____
9. Give four errors that will make trial balance totals not to agree. (4mks)
10. Give four external diseconomies of scale. (4mks)
11. Give four features of monopoly. (4mks)
12. Outline four limitations of national income statistics as a measure of the standards of living. (4mks)
13. Outline four problems associated with under population. (4mks)
14. Outline four merits of indirect taxes. (4mks)
15. Outline four challenges that faces direct production. (4mks)
16. Outline four features of fixed deposit account. (4mks)
17. Outline four measures that central bank may put in place to reduce high inflation in a country. (4mks)
18. Outline four problems experienced by the East African Community.(EAC). (4mks)
19. The following information relates to Mwangi Traders for the period ended 31st March 2023.
Shs.
 Sales 1,000,000
 Opening Stock 100,000
 Closing Stock 25% of cost of goods sold
 Gross profit Margin 20%
 Prepare a trading account of Mwangi Traders for the period ended 31st March 2023. (4mks)
20. State four benefits of electronic filing. {4mks}
21. Under what four circumstances would deferred payment be appropriate. (4mks)
22. Outline four benefits that accrue to a person who joins savings and credit co-operative Society. (4mks)
23. For each of the following transactions below indicate in the spaces provided the source document from which the transaction would be recorded.

Transactions	Source Document
--------------	-----------------

a) Sales of goods on credit	
b) Purchase of goods on credit	
c) Goods returned	
d) Correction of an undercharge	

24. Identify the insurance terms described below:

Description	Term
An interim document issued to the insured after payment of the first premium	
Amount refundable to the assured on terminating a life policy prematurely	
Restoration of the insured who suffers Loss to his former financial position	
Insurance Company insuring itself with another insurance Company	

25. The following transactions relates to Patel traders as at 31.Dec.2022.

Bank overdraft	-	100,000
Rent received	—	200,000
Salaries	—	100,000
Creditors	—	50,000
Cash	-	40,000

Discount allowed	-	40,000
Discount received	-	30,000
Commission allowed	—	30,000
Commission received	—	10,000
Furniture	-	150,000
Drawing	—	10,000
Return outwards	—	50,000

Required: A trial balance

KCSE 2026 FINAL PREDICTIONS

CONFIDENTIAL EXAM 9

565/2

BUSINESS STUDIES

PAPER 2**TIME: 2½ HOURS**

NAME.....

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

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

Kenya Certificate of Secondary Education.

INSTRUCTIONS TO CANDIDATES

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) This paper consists of 6 questions.
- (d) Answer ANY FIVE questions in the spaces provided

FOR TEACHER'S USE ONLY

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

Answer ANY FIVE questions.

1 a) Explain five limitations of small scale retailers. (10mks)

b) African countries are considered to be underdeveloped. Explain five characteristics of such countries. (10mks)

2 a) Explain five factors that may lead to high consumptions of fruits. (10mks)

b) Explain five benefits of insurance industry to the economy. (10mks)

3 a) Explain five challenges that a trader who relies on rented warehouse may experience. (10mks)

b) The following information was extracted from the books of Economy traders in the month of March 2022.

1/3 Cash in hand 40,000 and bank overdraft 12,000.

3/3 Cash sales paid direct to the bank Shs.7,000.

5/3 Credit sales to Mugo Shs.10,000.

7/3 Received a cheque of Shs,9,000 from a debtor in full settlement of his account of Shs.10,000.

8/3 Deposited Shs.3,000 from cash till into the business bank account.

9/3 Paid for repairs in cash Shs.1,200.

10/3 Mwala a debtor settled his account of Shs,25,000 by cheque less 3% cash discount.

20/3 Withdrew Sh.1,300 from bank for personal use.

29/3 Deposited all cash except Shs. 2,300.

Required:

Prepare a duly balanced three column cash book. (10mks)

4a) Explain five factors that will motivate an entrepreneur to implement a business idea. (10mks)

b) Explain five reasons why the government requires public finance. (10mks)

5a) Outline five differences between a partnership and a cooperative society. (10mks)

b) Describe five methods that can be used to discourage trade between two countries. (10mks)

6a) Explain five benefits of national income statistics to a country. (10mks)

b) The following trial balance was extracted from the books Kieni traders as at 31st Dec 2022.

Kieni Traders

Trial balance

As at 31st Dec 2022

Details	Dr	Cr
Fixed Assets	292,600	
Current Assets	78,000	
Rent Income		23,0000
Discount	3,000	2,000
General Expenses	89,000	
Carriage inwards	28,000	
Purchases /Sales	280,000	474,000
Returns	4.600	7,000
Stock 1/1/2022	460,000	
Drawings	33,000	
Current Liabilities		53,000
Capital		709,200
	1,268,200	1,268,200

Stock on 31st Dec, 2022 was Shs,54,000.

Required:

i) Prepare trading, profit and loss account for the year ending 31st Dec 2022. (8mks)

ii) Calculate working capital. (2mks)

KCSE 2026 FINAL PREDICTIONS**CONFIDENTIAL EXAM 10**

565/1

BUSINESS STUDIES**PAPER 1****TIME: 2 HOURS**

NAME.....

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

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

Kenya Certificate of Secondary Education.

565/1

Paper 1**BUSINESS STUDIES****2 HOURS****Instructions**

❖ Answer ALL the questions in the spaces provided.

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

16	17	18	19	20	21	22	23	24	25

TOTAL

--

QUESTIONS

1. Outline four reasons why food is considered basic want. (4mks)
2. Highlight four reasons that can lead to the dissolution of a cooperative society. (4mks)
3. The following table contains information relating to business A, B and C. Determine the figures represented by W, X and Y. (4mks)

BUSINESS	ASSETS	CAPITAL	LIABILITIES
A	620,000	230,000	W
B	420,000	X	500,000
C	Y	500,000	300,000

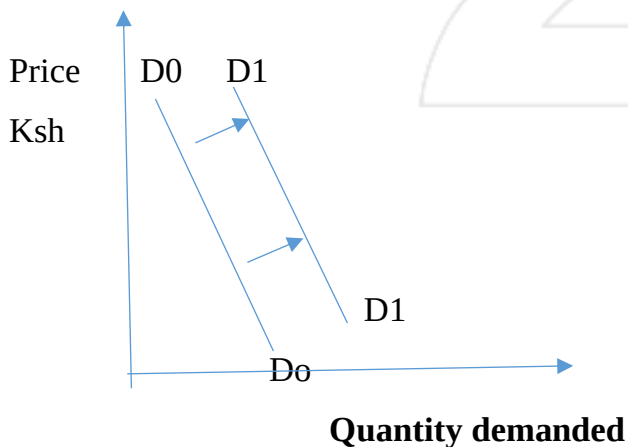
- i) W.....
- ii) X.....
- iii) Y.....
- iv) Account for the value of X

4. State the discipline given to each of the following statements. (4mks)

STATEMENT	DISCIPLINE
a) Study of activities that are carried out in an office	
b) study of trade and aids to trade	
c) study of how human beings strive to satisfy their unlimited wants using the limited resources	
d) study of the process of identifying business opportunity and acquiring resources to start and run a business	

5. Identify any four roles of intermediaries in the chain of distribution. (4mks)

6. **Advertising** primarily aims at promoting a particular line of a product. Suggest four ways in which advertising can be beneficial to the consumer. (4mks)
7. Agency banking is becoming increasingly popular among commercial banks in Kenya. Highlight four benefits of this development to bank account holders. (4mks)
8. Outline four circumstances under which a business person may find air transport more appropriate than water transport. (4mks)
9. Outline four problems encountered in measuring national income using output approach. (4mks)
10. Mrs Atieno is the human resource manager to the ABC Holdings. Advise her on four ways that can help improve the performance of the entire work force. (4mks)
11. On 1st January 2005, Kamau started a furniture shop with capital of Ksh120,000. During the year he took Kshs12,000 for his sons birthday party. He also brought into the business private furniture worth Ksh20,000. At the end of the period he had made a profit worth Ksh35,000. Determine Kamau's capital at the end of the period. (4mks)
12. State four fiscal policies that can be used to control inflation. (4mks)
13. **Highlight** four reasons why a business may find it necessary to adopt a landscape office layout. (4mks)
14. The diagram below shows a demand curve D_0D_0 and D_1D_1



- Highlight four factors that account for the above phenomena. (4mks)
15. State four functions of a proforma invoice as used in Home trade. (4mks)

16. In the table below, state the journal whose source document is given. (4mks)

Source document	Journal
Invoice issued	
Payment voucher	
Incoming invoice	
Receipt issued	
Credit note issued	

17. Outline four importance of pooling or risks to an insurance company. (4mks)

18. Mention four benefits of establishing several firms in an industry. (4mks)

19. In an oligopoly market structure, all firms face a kinked demand curve. Draw a kinked demand curve and briefly outline the concept of price rigidity. (4mks)

20. Differentiate between reproductive debt and dead-weight debt as used in public finance. (4mks)

21. Outline four challenges that a young population poses to a country. (4mks)

22. Highlight four 2030 development goals that the Kenya government aim to achieve. (4mks)

23. The following is a list of ledger accounts. Name the ledger book, in which they are maintained. (4mks)

Account	Ledger book
a) drawings	
b) Kamiritu (Customer)	
c) Sales	
d) Machinery	

24. Define the following terms as used in International Trade. (3mks)

a) Terms of trade

b) Balance of trade

c) Balance of payment

25. The following balance sheet belongs to Dowling enterprises.

Dowling Enterprises

Balance sheet

As at 31/12/2022

<u>Fixed Assets</u>		<u>Capital</u>	
Land	450,000	Capital	
Vehicles	250,000		
Fittings	7,500	543,000	
707,500		<u>Long term liabilities</u>	
<u>Current assets</u>		Loan from KIE	100,000
Stock	20,000	Loan from ICDC	<u>75,000</u>
Debtors	12,500		
Bank	8,000		
Cash	5,000	<u>Current liabilities</u>	
		Creditors	25,000
<u>45,500</u>		Salaries owing	10,000
			<u>35,000</u>
			<u>753,000</u>
753,000			

Required: Calculate ;

(4mks)

- Capital owned
- Borrowed capital
- Working capital
- Capital employed

KCSE 2026 FINAL PREDICTIONS

CONFIDENTIAL EXAM 10

565/2

BUSINESS STUDIES

PAPER 2**TIME: 2½ HOURS**

NAME.....

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

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

Kenya Certificate of Secondary Education.

INSTRUCTIONS TO CANDIDATES

- (a) Write your name and index number in the spaces provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) This paper consists of 6 questions.
- (d) Answer ANY FIVE questions in the spaces provided

FOR TEACHER'S USE ONLY

QUESTION	1	2	3	4	5	6	TOTAL
MARKS SCORE							

Answer ANY FIVE questions.

1. a) State and explain any five factors to consider when choosing an appropriate means of communication. (10 marks)
- b) Discuss five negative effects of inflation in the economy. (10 marks)
- 2 a) Illustrate using a diagram a circular flow of income and give four assumptions. (10 marks)
- b) Explain five challenges faced by a county government in service provision. (10 marks)
- 3 a) Discuss any five problems associated with Barter system of exchanging goods.
- b) On 1st June 2018, Ndovu Traders had cash in hand of Sh. 25,000 and Sh. 56,200 at bank. During the month, the following transactions took place:
- 2018**
- | | |
|---------|---|
| June 2 | Cash sales, Sh. 42,000. |
| June 5 | received a cheque of Sh. 70,500 from Abdala Traders after deducting a 6% cash discount. |
| June 7 | Paid salaries Sh. 24,000 in cash |
| June 9 | Tenai settled his account of Sh.45,000 in cash and was allowed Sh. 1,800 cash discount. |
| June 12 | Cash sales Sh. 46,500. |
| June 18 | Paid Thuita's debt of Sh 100,000 by cheque after deducting 5% cash discount. |
| June 24 | Withdrew Sh.26,000 from the bank for office use. |
| June 30 | Banked all the cash except Sh. 25,000. |
- Prepare a 3-column cashbook and balance it off on 30th June, 2018. (10marks)
- 4 a) Explain five ways in which the activities in a bonded warehouse are beneficial to the government (10marks)
- 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)
- 5 a) Unemployment is one of the major economic problems facing this country. Describe any five measures that the Kenyan government may undertake to solve unemployment.

b) Explain **five** principles that serve as a guide to a good public expenditure system in a country.

(10marks)

6 a) Big Sam intend to start a hardware business. Explain **five** characteristics he should possess in order to be a successful entrepreneur **(10marks)**

b) The following information relates to Harun's enterprises;

Details	shs
Stock on 1 st Jan 2012	430,000
Purchases	930,000
Sales	1,155,000
Carriage outwards	25,000
Carriage inwards	10,000
Returns outwards	20,000
Returns inwards	30,000
General expenses	100,000
Insurance	25,000
Stock on 31 st Dec 2012	470,000

Required;

a) Prepare trading, profit and loss account **(6 marks)**

b) Calculate

i) Rate of Stock Turnover **(2 mark)**

ii) mark-up. **(2 marks)**

iii) Margin. **(2 mark)**

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POLITE NOTE TO 2026 KCSE CANDIDATES

In the event that any of these revision questions closely match or appear in the upcoming national examinations, please stay composed. Do not panic, and approach your papers with confidence.

BEST OF LUCK IN YOUR EXAMS!

REGARDS

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