

# KCSE MOCKS

## BUSINESS PAPER 1

**Consists 3 KCSE Mock set Exams.**  
**(Class of KCSE March 2021)**

**For Marking Schemes Contact Mr Machuki**  
**0795491185**

**Kenya Educators Contacts:**

**+254795491185**

**[kenyaeducators@gmail.com](mailto:kenyaeducators@gmail.com)**

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

FOR MARKING SCHEMES CALL/TEXT/WHATSAPP 0795491185

# PRE-MOCK 1

NAME ..... INDEX NO. ....  
SCHOOL ..... SIGNATURE .....  
DATE .....

565/1

**BUSINESS STUDIES**

**PAPER 1**

**TIME: 2 HOURS**

## KCSE PRE-MOCK 1

*Kenya Certificate of Secondary Education (K.C.S.E)*

### **INSTRUCTIONS TO CANDIDATES**

Answer all the questions in the spaces provided.

This paper consists of **12** printed pages. Candidates should check the question paper to ensure that all pages are printed as indicated and no questions are missing

### **FOR EXAMINER'S USE ONLY**

Question No	1	2	3	4	5	6	7	8	9	10	11	12	13
Marks													
Question No	14	15	16	17	18	19	20	21	22	23	24	25	
Marks													

1. State the most appropriate document as used in home trade. (4mks)

Circumstances	Document
a) A document that contains detailed information of a good stocked by a seller	
b) A document that shows that the amount owed have been reduced by a certain amount	
c) A document that contains all information on all transactions between a buyer and the seller for a certain period of time	
d) Shows that goods have been dispatched by a seller to the buyer.	

2. Highlight **four** reasons that compel an insurance company to re-insure. (4mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_
- d) \_\_\_\_\_  
\_\_\_\_\_

3. The following items belong to Mlamba Wholesalers as at 31<sup>st</sup> Dec 2018

Motor vehicle	75,000
Stock	4,000
Overdraft	11,100
Creditors	5,740
Debtors	6,200
Commission paid	2,000
Cash	10,000
Returns Outwards	3,400
Returns Inwards	1,400
Capital	78,360

Required, draw Mlamba's trial balance as at 31<sup>st</sup> December 2018. (5mks)

4. The bodaboda motorcycles are very popular both in urban and rural environment. Highlight **four** disadvantages of this method of transport. (4mks)

a) \_\_\_\_\_  
\_\_\_\_\_

b) \_\_\_\_\_  
\_\_\_\_\_

c) \_\_\_\_\_  
\_\_\_\_\_

d) \_\_\_\_\_  
\_\_\_\_\_

5. With an aid of a diagram, show what happens to the equilibrium price and quantity when demand increases and quantity supplied remains constant. (4mks)

6. Give **four** differences between shares and debentures (4mks)

Shares	Debentures
a)	
b)	
c)	
d)	

7. National income under expenditure approach is arrived by adding together expenditure on all final goods and services in the economy. List down **four** components included in the expenditure approach. (4mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_
- d) \_\_\_\_\_  
\_\_\_\_\_

8. Kenya's young population has been rising rapidly, highlight **four** disadvantages of this increase. (4mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_
- d) \_\_\_\_\_  
\_\_\_\_\_

9. Given the following transactions of Mwaura's Retailers, identify the journals which the transactions will be recorded. (4mks)

- a) 1<sup>st</sup> Jan: Sold a motor car worth kshs.145, 000/- for kshs. 140,000/- to Mwazighe on credit. \_\_\_\_\_
- b) 2<sup>nd</sup> May: Cash received from Mwanzi of Kshs. 1,000 receipt no 001. \_\_\_\_\_
- c) 6<sup>th</sup> August: Goods bought on credit worth Kshs. 900 invoice No. 013 from Shah Traders. \_\_\_\_\_
- d) 4<sup>th</sup> February: Credit sales to Ndika Shs 400/- \_\_\_\_\_

10. County Government wants to increase taxes levied on parking. Highlight **four** principles that they should consider before taking this move. (4mks)

a)

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b)

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c)

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d)

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11. Highlight **four** methods government gets involved in business activities. (4mks)

a)

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b)

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c)

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d)

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12. Highlight **four** costs that intermediaries relieves producers from in the process of distributing goods and services. (4mks)

a)

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b)

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c)

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d)

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13. Buketi provided us with the following information.

Sales	200,000
Mark up	$\frac{1}{4}$
Opening stock	30,000
Closing stock	25,000
Expenses	15,250

Calculate

a) Gross profit (1mk)

b) Net profit (1mk)

c) Rate of stock turnover (2mks)

14. If you are asked to head a committee to buy some office equipment, suggest **four** factors that you would put into consideration. (4mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_
- d) \_\_\_\_\_  
\_\_\_\_\_



15. Highlight **four** reasons that would make a trader reject payment by cheque. (4mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_
- d) \_\_\_\_\_  
\_\_\_\_\_

16. State whether the following factors constitute internal or external environment to a business. (4mks)

Factor	Environment
a) Shareholders resolutions	
b) Firms physical infrastructure	
c) Currency exchange rate	
d) Cost of finance	

17. State **four** features of oligopoly market structure (4mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_
- d) \_\_\_\_\_  
\_\_\_\_\_

18. The following transactions relate to Kimau traders for the month of January, 2018

4th Jan: Deposited sh 70,000 into business bank account from cash till.

10<sup>th</sup> Jan: Paid the following bills by cheque:

Electricity sh 4,000

Insurance sh 2,000

20<sup>th</sup> Jan: Paid 10,000 by cheque for repairs

Required: Record the transactions in the relevant ledger accounts

(4mks)

19. Company X intends to use personal selling as a method of product promotion. State **four** disadvantages of using this method. (4mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_
- d) \_\_\_\_\_  
\_\_\_\_\_

20. The balance sheet of Peken Enterprises as at 31<sup>st</sup> March , 2017 showed an initial capital of sh 85,000. As at 31<sup>st</sup> March 2018, the following information about the business was provided.

- (i) Additional investment in the business was sh 30,000
  - (ii) Profit made during the trading period was sh 60,000
  - (iii) The proprietor made monthly drawings of sh 3,000 from 1<sup>st</sup> April 2017 to 31<sup>st</sup> December, 2017
- Determine the final capital of Peken Enterprises. (4mks)

21. State any **four** reasons why many businesses shy away from using public warehouse. (4mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_
- d) \_\_\_\_\_  
\_\_\_\_\_

22. List **four** functions of central bank as a banker to government. (4mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
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- c) \_\_\_\_\_  
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- d) \_\_\_\_\_  
\_\_\_\_\_

23. Highlight **four** reasons why the government may encourage businesses to be located all over the country. (4mks)

- a) \_\_\_\_\_  
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- b) \_\_\_\_\_  
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- c) \_\_\_\_\_  
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- d) \_\_\_\_\_  
\_\_\_\_\_

24. Highlight **four** services that facilitates communication to take place in Kenya. (4mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_
- d) \_\_\_\_\_  
\_\_\_\_\_

25. Highlight **three** characteristics of human wants

(3mks)

- a) \_\_\_\_\_  
\_\_\_\_\_
- b) \_\_\_\_\_  
\_\_\_\_\_
- c) \_\_\_\_\_  
\_\_\_\_\_

# MOCK 1

NAME \_\_\_\_\_ INDEX NO. \_\_\_\_\_ SIGN \_\_\_\_\_

SCHOOL \_\_\_\_\_ CLASS \_\_\_\_\_

**565/1**

**BUSINESS STUDIES**

**PAPER 1**

**2 HOURS**

## **INSTRUCTIONS TO CANDIDATES**

- (I) Write your name, admission number and class in the spaces provided.
- (II) All questions should be written in the spaces provided.
- (III) This paper consists of 9 pages.
- (IV) 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
Marks														

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

**TOTAL MARKS**

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1. Outline four elements of demographic environment that may influence the operation of a business. (4 marks)

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

Business activity

Type of utility (4marks)

Selling face masks to customers –

Transporting onions-

Storing onions in a granary-

Making a camera-

3. Highlight **four** importance of consumer protection. (4 marks)

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4. Highlight four disciplines of business studies. (4 mks)

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

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6. State four reasons why the concept of choice is important in economics. (4mks)

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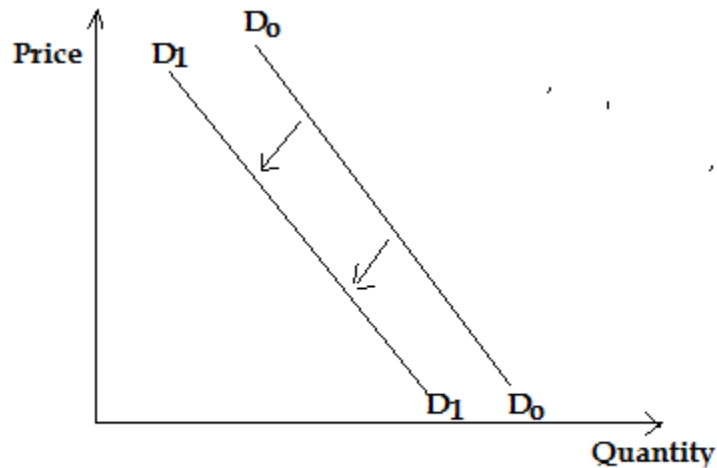
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7. The diagram below shows a shift in demand curve of a commodity from  $D_0D_0$  to  $D_1D_1$ .



- Outline four factors that may have contributed to the above shift. (4 mks)

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8. Identify the book of original entry associated with the following sources documents given below. (4 marks)

	<u>Source documents</u>	<u>Books of original entry</u>
i.	Invoice received	
ii.	Credit note received	
iii.	Receipt issued	
iv.	Credit note issued	

9. State the unit of carriage for each of the following modes of transport 4mks)
- | Mode of transport | unit of carriage |
|-------------------|------------------|
|-------------------|------------------|

Porterage

\_\_\_\_\_

Cartage

\_\_\_\_\_

Sea

\_\_\_\_\_

Air

\_\_\_\_\_

10. Highlight four characteristics of money as a means of payment. (4mks)

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

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12. State four circumstances under which a trader may require less warehousing space (4mks)

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13. The use of electronic boards is becoming increasingly popular as a mean of product promotion. State **four** advantages derived from their use. (4 marks)

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

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15. Outline four factors that an entrepreneur will consider when determining the most viable business opportunity. (4 mks)

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16. List **four** factors that may discourage the use of pipeline as a means of transporting petroleum products in a country. (4 marks)

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17. Open relevant ledger accounts using the following information. (4 mks)
- 1/2/2011 started business with sh. 10,000 in cash and sh. 50,000 at bank.  
2/2/2011 Bought goods on credit from LK traders worth sh.5000  
4/2/2011 Withdrew sh. 2000 from bank for office use.

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

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19. The following information relates to Mumbua traders for the year ended 31<sup>st</sup>  
April 2015. Shs.

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

Margin 25%

Expenses 15% of sales

Determine

i) Gross profit (1mark)

ii) cost of sales (1mark)

iii) Purchase for the year (1mark)

iv) Net profit (1mark)

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

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21. State four basic features of a market. (4 mks)

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

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23. A business had the following record for the year ended 31<sup>st</sup> December 2018 (4mks)  
sh.

capital as at 31/12/18	64,000
net profit for the year	14,000
capital as at 1 <sup>st</sup> Jan 2018	42,000
Monthly drawings	1,500
Calculate the additional investments made during the year	

24. Highlight **four** circumstances under which the heads of sales department may need to communicate with the head of production department in a business.  
(4 marks)

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25. Hekima private limited company would like to open up a subsidiary branch in Mombasa. Outline factors it would consider before setting up the manufacturing unit (4mks)

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# POST MOCK 1

Name:.....Adm No:.....  
Date.....

565/1  
Business Studies  
Paper 1  
Time: 2 hours

**KCSE POST MOCK 1**  
**Kenya Certificate of Secondary Education**  
**Business studies**  
**Paper 1**  
**Duration: 2 Hours**

**Instructions:**

*Attempt ALL questions in the spaces provided.*

**For examiner's use only**

<b>QUESTION</b>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>SCORE</b>															

16	17	18	21	22	23	24	25	<b>TOTAL SCORE</b>

- 2



4. Outline four differences between Direct production and Indirect production (4mks)

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Direct Production	Indirect Production
i)	i)
ii)	ii)
iii)	iii)
iv)	iv)

5. The following balances were extracted from the books of Kariuki traders on 31<sup>st</sup> March 2018

Fixed assets	300,000
Current assets	123,700
Creditors	84,500
5 year bank loan	125,000

- Determine the networth of the business as at 31<sup>st</sup> March 2018 (4mks)

6. Highlight four similarities between a bill of exchange and a promissory note. (4mks)

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

Transaction	Type of journal
i) Goods previously sold on credit were returned	.....
ii) Goods bought on credit	.....
iii) Goods sold for cash	.....
iv) Motor vehicle sold on credit	.....

8. Outline four ways of solving unemployment. (4mks)

9. Outline four ways in which commercial attachées may promote trade between their country and other countries. (4mks)

10. On 1<sup>st</sup> January 2017 Mr. Nyachae started a business with Ksh. 10,000 in cash. The following transactions took place during the first week of his business commencing

2 <sup>nd</sup> January	Deposited Sh. 5,000 in the bank
3 <sup>rd</sup> January	Purchased stationery worth Sh. 1,000 in cash.
4 <sup>th</sup> January	Bought goods worth Sh. 2,000 by cheque

Enter the above transactions in the relevant “T” accounts. (4mks)

11. Outline four differences between insurance and assurance. (4mks)

<b>Insurance</b>	<b>Assurance</b>
i) .	
ii) .	
iii) .	
iv) .	

12. Give four ways in which consumers benefit from advertising (4mks)

13. State four features of monopolistic competition (4mks)

14. Outline four requirements for one to start a limited liability company as one of the forms of business units. (4mks)

15. State four characteristics of chain stores type of retail business. (4mks)

16. Identify the type of communication described below. (4mks)

Description	Type of communication
a) Principal addressing students on assembly	
b) Rumours going round that the most hardworking employee will be awarded	
c) Student group discussion in a class	
d) An employee seeking for permission	

17. Highlight four reasons why E-mail is increasingly becoming popular as a means of communication. (4mks)

18. Give four implications of a declining population (4mks)

19. Highlight four items that affect the asset stock. (4mks)

20. Classify the following accounts into personal, private, real or nominal (4mks)

Account	Type of account
i) Office equipment	
ii) Debtor	
iii) Capital	
iv) Salaries	

21. Name what the letters a, b, c and d represent in the circular flow of income. (4mks)

22. Omolo insured his house worth sh. 5,000,000 for sh. 4,000,000. His house was damaged by fire to the tune of sh. 3,000,000. Calculate how much Omolo was compensated. (4mks)

23. Identify any four Trade malpractices that consumers need protection against. (4mks)

24. Outline four functions of commercial banks (4mks)

25. State four types of capital in a business. (4mks)