

# **BUSINESS MOCKS**

**COMPRISES OF 10 TRIALS OF MOCKS**

**(BOTH PAPER 1 AND PAPER 2 ARE PRESENT IN EACH TRIAL)**



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## **(SERIES 1)**

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# BUSINESS MOCKS

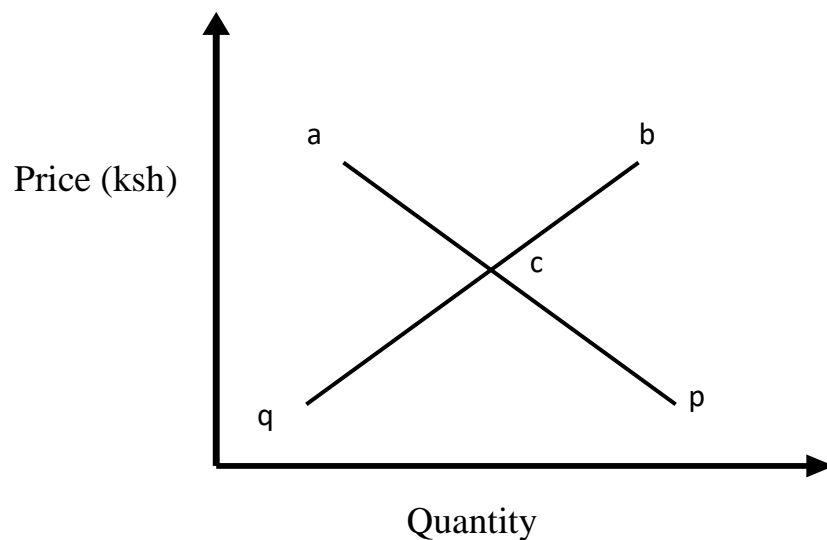
## SERIES 1 TRIAL 1 PAPER 1

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

*Answer all questions*

1. Outline **FOUR** features that constitute a market. **(4 Marks)**
2. The following diagram represents demand and supply of a product y



State what is represented by curves

- (a) ap
  - (b) bq
  - (c) letter c
  - (d) On the diagram, indicate equilibrium price (PE) and equilibrium quantity (QE)  
**(4 Marks)**
3. Outline **FOUR** advantages of after sales services as a method of sales promotion to a customer. **(4 Marks)**

4. Give **FOUR** reasons why a consumer should satisfy basic wants before secondary wants. **(4 Marks)**
5. Outline **FOUR** reasons why a multinational company may prefer setting up a production unit in developing country instead of exporting finished goods to the country. **(4 Marks)**
6. State the factor of production that each of the following resources relate to:- **(5 Marks)**

Resource	Factor of production
(a) Manager	
(b) Quarry	
(c) Vehicle	
(d) Water	
(e) Owner	

7. In the spaces provided below, indicate with a tick () whether each of the following statements relates to preference or ordinary shares. **(3 Marks)**

Statement	Preference	Ordinary
(a) Represents real owners of company		
(b) Rate of dividends is fixed		
(c) Has voting rights		
(d) Redeemable		
(e) May be cumulative		
(f) Considered last in liquidation		

8. Outline **FOUR** features of trade credit as a source of finance for business units. **(4 Marks)**
9. State the term that best fit each of the following description. **(4 Marks)**
- (a) Money brought into the business by owner
- (b) Goods bought for resale
- (c) Money withdrawn by owner of business for personal use
- (d) Money borrowed from outsiders by owner of the business for business use
10. The following balances were obtained from the books of Jomba Traders as at 30<sup>th</sup> July 2014

	Shs.
Opening stock	50,000
Sales	360,000
Gross profit	25% of sales
Closing stock	70,000

**Calculate**

(a) Cost of goods sold (2Marks)

(b) Rate of stock turnover (2 Marks)

11. Enter each of the following transactions in the relevant ledger accounts (a) Started business in June 15<sup>th</sup> 2014 with Ksh. 500,000 in bank.

(a) Bought a motor vehicle in June 16<sup>th</sup> 2014 for KSh. 250,000, payment made by a cheque.

(b) Withdrew Ksh. 50,000 in June 20<sup>th</sup> 2014 from the business bank a/c to be used in the office. (d) June 24<sup>th</sup>, 2014, paid salaries Ksh. 18,000 cash.

12. On June 1<sup>st</sup> 2015, Kelly had KSh. 6000 cash in hand and a bank overdraft of Sh. 2000; during the month the following transactions took.

(a) Received cheques from debtors totaling to KSh. 80,000 on June 2<sup>nd</sup>

(b) June 5<sup>th</sup>, paid telephone bills Sh. 1200 cash

(c) June 8<sup>th</sup>, withdrew Sh. 16000 from bank for office use.

Enter the above information in the two – column cash book given below and balance it off (4 Marks)

Kelly Traders

Two – Column

Cashbook for the

month of June 2015

Date	Particulars	Bank	Cash	Date	Particulars	Cash	Bank

13. Outline **FOUR** ways of curbing cost push inflation. (4 Marks)

14. Outline **FOUR** circumstances under which the per capita income statistics would be a good indicator of the welfare of the citizens of country. **(4 Marks)**
15. Outline **FOUR** challenges associated with a high ageing population in a country. **(4 Marks)**
16. Outline **FOUR** purposes of taxation. **(4 Marks)**
17. State **FOUR** basis of international trade **(4 Marks)**
18. Outline **FOUR** methods that a country may use to restrict international trade. **(4 Marks)**
19. State **FOUR** reasons why an invoice received is important in accounting. **(4 Marks)**
20. Outline **FOUR** items that are included when computing national income using the expenditure approach. **(4 Marks)**
21. Outline **FOUR** features of insurable risks
22. State **FOUR** features of chain stores. **(4 Marks)**
23. Outline **FOUR** factors that constitute an efficient transport system. **(4 Marks)**
24. State **FOUR** goals of development. **(4 Marks)**
25. Outline **FOUR** disadvantages of use of Automatic Teller Machines (ATMs) in banking. **(4 Marks)**

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# BUSINESS MOCKS

## SERIES 1 TRIAL 1 PAPER 2

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

**Answer all questions**

1. (a) Explain **FIVE** methods of payments offered by commercial banks in Kenya.  
(10 marks)  
(b) Highlight **FIVE** reasons as to why a high national income may not necessarily mean better welfare for the citizens of a country. (10 marks)
2. (a) Kapa Oil manufacturers have decided to eliminate wholesalers in their chain of distribution. Outline **FIVE** possible effects that would result if wholesalers were eliminated. (10 marks)  
(b) Differentiate between a perfect competition from a monopolistic competition. (10 marks)
3. (a) Explain **FIVE** causes of inflation in an economy. (10 marks)  
(b) Outline **FIVE** challenges that Kenya faces when trying to implement her development plans. (10 marks)
4. (a) Explain **FIVE** reasons why a public limited company may prefer to raise finance through issue of ordinary shares instead of debentures. (10 marks)  
(b) The following balances were extracted from books of Masaku Traders for the year ended 31/12/2004

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 & equipment	650,000
Debtors	270,000
Creditors	396,400
Bank	200,000
Cash	50,000
Capital	3,000,000

Prepare

(i) Profit and loss a/c for the year ended 31/12/2004 (5 ½ marks)

(ii) Balance sheet as at 31/12/2004 (4 ½ marks)

5. (a) Explain **SIX** measures that the Government of Kenya may take to control her persistent Balance of payment deficit. (12 marks)

(b) Outline **FOUR** differences between endowment policy and whole life policy. (8 marks)

6. (a) Explain **FIVE** factors that limit the usage of Railway as a means of transport. (10 marks)

(b) The accounts of Hakuna Matata Traders showed the following balances on 1<sup>st</sup> January 2014.

	Sh.
Cash	250,000
Debtors	60,000
Creditors	42,000
Stock	30,000
Bank loan	120,000
Motor vehicle	310,000

The following transactions took place during the month of January 2014.

Jan 2: Bought stock worth Sh. 50,000 on credit.

Jan 3: Cash sales Sh. 80,000

Jan 5: Received Sh. 20,000 cash from debtors

Jan 10: Paid part of loan Sh. 70,000 cash

Jan 12: Paid creditors Sh. 52,000

Jan 16: Bought office furniture Sh. 45,000 cash

Jan 20: Paid salaries Sh. 40,000 cash

Jan 25: Deposited Sh. 100,000 into the bank

Required:

Record the above transactions in the relevant ledger accounts and balance the accounts on 31<sup>st</sup> January 2014. (10 marks)

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# BUSINESS MOCKS

## SERIES 1 TRIAL 2 PAPER 1

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

*Answer all questions*

1. State whether each of the following activities would satisfy basic or secondary wants. (4 marks)

(a)	Activities	Basic	Secondary
(b)	Buying clothes for the family.		
(c)	Transporting milk.		
(d)	Providing food for school children.		
	Entertaining the President.		

2. Outline **four** reasons why a new business may fail. (4 marks)
3. Outline **four** advantages a consumer enjoys when he/she buys directly from a manufacturer. (4 marks)
4. Highlight **four** reasons that make a current account popular among the business people (4 marks)
5. Boda boda/motorcycles have become popular in Kenya today. Outline **four** demerits of this mode of transport. (4 marks)
6. Highlight **four** circumstances under which deferred payment is acceptable to a trader. (4 marks)
7. Give **four** reasons why the government should impose taxes upon its citizens apart from raising revenue. (4 marks)

~~8.State the best type of machine one would use to perform the following tasks. (4 marks)~~

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9. Outline **four** factors that may cause the supply curve to shift to the left.

- (a) To arrange papers in a required order.
- (b) To trim papers to the required sizes.
- (c) To fold documents, put them in envelopes and seal them.
- (d) To make exact copies of a certain original document.

10. Kiganjo Traders had the following balances as at 31<sup>st</sup> December, 2014.  
Sh.

Capital (1 <sup>st</sup> December, 2014)	350,000
Additional investments	100,000
Drawings each month	48,000
Capital (31 <sup>st</sup> Dec' 2014)	470,000

Determine the profit for the year. **(4 marks)**

11. Outline **four** features of direct production. **(4 marks)**

12. State **four** ways in which, the government of Kenya may reduce the level of unemployment. **(4 marks)**

13. State **four** benefits of registering a company with the stock exchange market.

14. The following balances relate to the retail business of Omondi for the month of July 2012. Sales 50,000 Expenses 10% of sales

Cost of goods sold 40,000

*Calculate:*

(i) Mark up. **(1 mark)**

(ii) Margin. **(1 mark)**

(iii) Total expenses. **(1 mark)**

(iv) Net profit. **(1 mark)**

15. State **four** uses of a bill of lading in international trade. **(4 marks)**

16. Outline **four** circumstances under which insurance companies in Kenya may reinsure. **(4 marks)**

17. For each of the following transactions, state the account to be debited and account to be credited. **(4 marks)**

Transactions	A/c debited	A/c credited
The owner brought in cash from private sources.		
Bought goods and paid by cheque.		

Withdrew cash for personal use.		
Paid a creditor by cheque.		

- 18.** State **four** ways in which the utility of a commodity can be increased. **(4 marks)**
- 19.** Identify **four** benefits that may accrue from political stability in a country. **(4 marks)**
- 20.** List **four** ways in which the government creates an enabling business environment. **(4 marks)**
- 21.** State four features of an oligopoly market structure. **(4 marks)**
- 22.** Give **four** disadvantages of public warehouses to traders. **(4 marks)**
- 23.** Put down **four** functions of the Kenya Bureau of Standards. **(4 marks)**
- 24.** Outline **four** external factors that may influence the operations of a business negatively. **(4 marks)**
- 25.** Highlight **four** limitations of using after-sale services as a method of promoting products. **(4 marks)**

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# BUSINESS MOCKS

## SERIES 1 TRIAL 2 PAPER 2

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

*Answer all questions*

1. Highlight **four** reasons why people engage in Business activities. **(4 mks)**
2. Outline **four** types of resources that are important in Business. **(4mks)**
3. State **four** functions of an entrepreneur in the production of goods and services. **(4mks)**
4. Identify the machine used to perform the following tasks. **(4mks)**

Statements	The machine
a) To count coins and notes	
b) To trim paper into required sizes and shapes	
c) To fold documents, place them in envelope and seal the envelope	
d) To print postage impression on envelopes	

5. Outline **four** differences between chain stores and departmental stores. **(4mks)**
6. State **four** statistics that are associated with the measurement of National income. **(4mks)**
7. Prepare Sunshine Traders Balance sheet from the following list of balances extracted from his books as at 31 December 2013. **(4mks)**

Capital	357,000
Stock	40,000
Machines	150,000
Furniture	7,000
Motor vehicles	200,000
Bank	20,000
Creditors	25,000
Cash	5,000
Debtors	60,000
Loan from KCB	100,000

8. Outline **four** characteristics of a good filing system (4mks)

9. Highlight **four** methods that Government uses to protect consumers. (4mks)

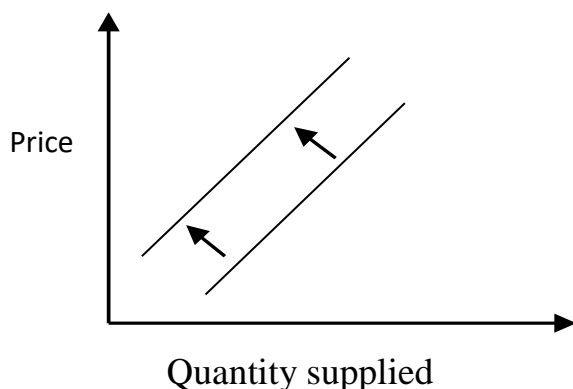
10. State **four** factors that a manager should bear in mind to ensure that he/she effectively communicates with the employees. (4mks)

11. State the meaning of the following principles of insurance. (4mks)

- a) Subrogation
- b) Contribution
- c) Insurable interest
- d) Indemnity

12. Highlight four characteristics of underdevelopment. (4mks)

13.



State **four** factors that may have caused the change shown in the diagram above.

14. Highlight **four** causes of unemployment in Kenya. (4mks)

15. Outline **four** circumstances under which MrOndieki (a farmer) may distribute his products directly to his customers. (4mks)

16. Tripple SSS wholesalers had the following information as at 31 December 2013

(4mks)

Closing capital	70,000
Total expenses	5,000
Drawings of goods	6,000
Total incomes	3,000

Calculate the capital at the beginning of the year.

17. Highlight **four** advantages of localization of firms.

(4mks)

18. State **four** characteristics of good money.

(4mks)

19. Identify the day book associated with the following source documents given below.

(4mks)

Source documents	Day books
Invoice received	
Credit note received	
Receipt issued	
Debit note received	

20. Highlight **four** purposes of public finance.

4mks)

21. The following balances were extracted from the books of Okinda wholesalers on 31<sup>st</sup> December 2006.

(4mks)

	Sh
Capital	800,000
Sales	250,000
Debtors	70,000
Purchases	160,000
Creditors	45,000
Opening stock (1.1.2006)	40,000
Closing stock (31.12.2006)	20,000
General expenses	50,000
5 year bank loan	200,000
Insurance expenses	20,000

Salaries and wages	80,000
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Calculate:

- (i) Mark up (1 mk)
- (ii) Current ratio (1 mk)
- (iii) Rate of stock turn over (1 mk)
- (iv) Rate on return on capital (1 mk)
- 22. Highlight **four** uses of a proforma invoice. (4mks)
- 23. State **four** factors that affect the productivity of an office worker. (4mks)
- 24. In each of the following cases, state the type of inflation described (4mks)

a) The unrest in Libya has resulted to an increase in the price of oil	
b) The price of bread has gone upto sh.60 due to increase in the price of wheat	
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.	

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# BUSINESS MOCKS

## SERIES 1 TRIAL 3 PAPER 1

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

*Answer all questions*

1. a) Explain five benefits that would accrue to Country as a result of delocalization. **(10mks)**
  - b) Explain five features of a perfect competition market structure **(10mks)**
2. a) The following transactions relate to Vivylex wholesalers for the month of December 1998.
  - Dec.1 Bought goods on credit from Weka Distributors sh.46,200, Micko sh15,600 and Limo shs38,360.
    - 3 Sold goods on credit to Lwanda Retailers shs.39,200, Motor Grocers sh.25,560 and Mawe shs.12,650.
    - 7 Returned goods to Micko sh4,200 and Limo shs6,140.
    - 11 Bought goods on credit from Tuktuk sh34,830.
    - 12 Goods returned by motor Grocers hs4,550 and Lwanda Retailers sh1,280.
    - 15 Sold goods on credit to Motor Grocers shs6,800, Marion traders shs12,800.
    - 18 Goods returned by Marion Traders shs2,060.
    - 22 Bought goods on credit from Fatuma shs22,100, Temo shs38,350.
    - 28 Credit sales to Ngula shs16,060, Oyunga shs12,960 and Mawe shs15,260.

Enter the above transaction in the respective books of original entry **(10mks)**

  - b) Discuss five factors that enhances efficient running of a warehouse. **(10mks)**
3. a) Explain five negative effects of inflation to a country's economic development. **(10mks)**
  - b) Highlight five importance of entrepreneurship to the economy of a country. **(10mks)**

4. a) Explain five factors that can lead to unfavourable balance of payment. **(10mks)**  
 b) Explain five factors to be considered when choosing a method of product promotion **(10mks)**
5. a) Describe five procedure to be followed when taking an insurance policy. **(10mks)**  
 b) Explain five limitations of containerization in transport sector. **(10mks)**
6. a) Highlight five benefits that a country will enjoy as a result of indirect production **(10mks)**

b) The following trial balance was extracted from the books of Mugoya Traders as at 30<sup>th</sup> June, 2014

Mugoya Traders  
 Trial balance  
 As at 30<sup>th</sup> June 2014

Details	Dr (shs)	Cr (shs)
Premises	1,500,000	
Debtors and creditors	20,000	30,000
Cash at bank	90,000	
Cash in hand	10,000	
Purchases and sales	140,000	320,000
Stock of good on 1 <sup>st</sup> July 2013	45,000	
Discounts	6,000	2,000
Salaries and wages	50,000	
Commissions		8,000
Power and lighting	12,000	
Returns	15,000	19,000
Carriage outwards	2,300	
Carriage inwards	5,400	
Capital		1,543,700
Furniture	27,000	
	1,922,700	1,922,700

*Additional information*

Stock of goods on 30<sup>th</sup> June, 2014 was worth sh22, 000.

Required: prepare trading, profit and loss account for the period ended 30<sup>th</sup> June, 2014.

**(10mks)**



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# BUSINESS MOCKS

## SERIES 1 TRIAL 4 PAPER 1

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

**Answer all questions**

1. Highlight **four** reasons why public relations are a popular way of product promotion among banks. (4mks)
2. Mention **four** non-tax internal sources of revenue to the government. (4mks)
3. Outline **four** measures that an employer can put in place to improve the performance of her human resource. (4mks)
4. State whether each of the following transactions will increase, decrease or have no effect on the Balance Sheet totals (4mks)

Transaction	Effect on Balance sheet totals
a) Sold a private car and deposited the money in business bank account	
b) Withdrew money from bank for office use	
c) Paid Mr. Kimeli, a creditor in cash	
d) Purchased a Motor car by cheque	

5. Highlight **four** conditions that must be met in order for an insurance contract to be valid. (4mks)
6. Enter the following transactions in the relevant book of original entry (4mks)  
2014 June 1. Made cash purchases worth sh. 25,000

„ 5. Paid sh.38,000 by cheques in full settlement of a debt owed to Kibogong after deductinga 5% cash discount.

- „ 12. Bought stationery and paid by cash sh.19,000.  
 „ 19. Settled a debt of sh.90,000 owed to Yatich stores by cheque after deducting a 3% cash discount. „ 28. Paid the month's salaries of sh 80,000, by cash, sh. 30,000 and the balance by cheques.

7. Outline **four** ways which the government can use to influence the supply of maize in Kenya. **(4mks)**
8. Outline **four** negative effects of inflation to an economy. **(4mks)**
9. Highlight **four** benefits enjoyed by a holder of a credit card **(4mks)**
10. The following balances relate to the business of Roba Traders during the period ended 31<sup>st</sup> March 2014. Shs.

Cash at bank	680,000
Premises	500,000
Machinery	175,000
Creditors	190,000
Furniture	85,000
Motor van	200,000
Cash in hand	50,000

Extract the trial balance of Roba Traders as at 31<sup>st</sup> March 2014.

11. Highlight **four** circumstances under which air transport can be preferred to transport goods from one place to another. **(4mks)**
12. Study the following document used in home trade. SIRO TRANSPORTERS CO. LTD  
 SIRO BUILDING,

OLOO STREET, NANDI ROAD

P.O BOX 100, ELDORET

SUPPLIER'S NAME & ADDRESS

BUYER'S NAME & ADDRESS

HANDLING INFORMATION

QUANTITY NUMBER	DESCRIPTION TOTAL	WEIGHT(KGS)	COMMODITY /ITEM	
TRANSPORT CHARGES PAID				

SIGNATURE OF TRANSPORT CO.

SIGNATURE OF SELLER

DATE-

DATE -

- i) Name the document shown above **(1mk)**
- ii) Name two uses of the document **(2mks)**
- 13.** List **four** costs incurred by intermediaries in the chain of distribution **(4mks)**
- 14.** Prepare ledger accounts from the following transactions relating to Tito Traders for the month of January 2015 . **(4mks)**
- January 5<sup>th</sup> sold goods for Shs 20,000 cash
- 10<sup>th</sup> bought furniture for Shs 50,000 on credit from Jamwal Traders
- 21<sup>st</sup> Paid Shs 10,000 cash to Jamwal traders
- 21<sup>st</sup> Returned furniture worth Shs 6,000 found damaged to Jamwal Traders
- 15.** Highlight any **four** features of time deposit account **(4mks)**
- 16.** Name **four** commercial services that facilitate trade. **(4mks)**
- 17.** The following balances were extracted from the books of Njoro Traders for the period ended

31 <sup>st</sup> December 2013	Ksh.
Gross profit	10,000
Salaries	2,000
Commission income	4,000
Rent received	3,000
Electricity	2,000
Carriage outwards	4,000

Prepare a profit and loss account (4mks)

18. Highlight **four** factors that determine the National income of a country. (4mks)

19. Highlight **four** causes of demand pull inflation (4mks)

20. Outline **four** ways in which the problem of scarce resources can be addressed by a consumer. (4mks)

21. Highlight **four** ways in which local resources can be managed to alleviate unemployment problems in Kenya. (4mks) 22. Outline **four** factors that comprise a negative internal environment in a business. (4mks)

23. The following information relates to Waruhio Traders as at 31<sup>st</sup> December 2011. Waruhio Trader

Balance Sheet

<b>Shs.</b>	Sh.
<b>203,000</b>	Capital Plus Net profit
<b>174,000</b>	Less Drawings
<b>113,000</b>	
<b>53,000</b>	<u>Short term liabilities:</u> 1 year Loan Creditors
<b><u>543,000</u></b>	

As at 31<sup>st</sup> December 2011

Balance Sheet  
As at 31<sup>st</sup> December 2011

	Shs.		Sh.
<u>Fixed Assets:</u>			
Furniture	203,000	Capital	359,000
		Plus Net profit	<u>114,000</u>
<u>Current Assets:</u>			473,000
Stock	174,000	Less Drawings	<u>73,000</u>
Debtors	113,000		400,000
Cash at Bank	53,000	<u>Short term liabilities:</u>	
		1 year Loan	79,000
		Creditors	<u>64,000</u>
	<u>543,000</u>		<u>543,000</u>

- a) Calculate the total current assets. (1mk)
- b) Determine the capital owned. (2mks)
- c) Calculate the working capital (1mk)

24. Given below are functions of office equipment. Identify the name of the equipment against the rightful use (4mks)

Functions of the Machine	Office Equipment
a) Used in posting information to ledgers and preparing payrolls	
b) To transmit printed messages such as photographs, letters, and maps	
c) Usually fire proof where important documents in an organization are stored	
d) Used to carry out many functions such as storing information, typing and performing complex calculations	

25. Outline **four** factors that may give rise to monopoly power in an economy. (4mks)

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# BUSINESS MOCKS

## SERIES 1 TRIAL 4 PAPER 2

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

**Answer all questions**

1. (a) Explain **five** measures put in place by the government to bring order in road transport sector in Kenya today. **(10 marks)**

(b) Explain five reasons why per capita income is not a good indicator of standards of living. **(10 marks)**

2. (a) On 1<sup>st</sup> November 2013:Tabagon Co. Ltd. had a balance of shs. 12,000 at the bank and shs. 2500 in hand. During the month, the following transaction took place; Nov. 1 Cash sales Shs. 2500, cash purchase Shs. 1750 Nov. 3 Paid the following accounts by cheque.

Kirop Shs. 1500 less 5% cash discount

Kirui Shs. 2000 less 5% cash discount

Nasimiyu shs. 2100 less 3 % cash discount

Nov. 5 Received the following amounts from debtors,

Ondiekshs.1200, Jane shs.3850 and Mueni by chequeshs.2050 after allowing her shs. 300 cash discount. Nov. 14Paid office cash to the bank shs. 2000

Nov. 17 Cash sales 8500

Nov. 22 Mueni paid her account of shs. 5000 by cheque less 10% cash discount

Nov. 28 Withdrew all the money from the bank for office use except shs. 1000

Nov. 29 Paid salary cash shs. 8000

Nov. 30 A cheque received from Mueni on Nov. 5<sup>th</sup> was dishonoured.

Prepare Tabagon Co. Ltd. three column cash book. (10 marks)

(b) Describe the procedure of obtaining an insurance claim. (10 marks)

3. (a) Explain the meaning of the following terms as used in business ownership.

(10 marks)

(i) Franchising

(ii) Merger

(iii) Holding company

(iv) Front Office Savings Account (FOSA)

(v) Globalization

(b) Explain five features of a hypermarket. (10 marks)

4. (a) Explain five emerging issues in office practice today. (10 marks)

(b) Explain five reasons that account for the existence of small firms in an economy.

(10 marks)

5. (a) Explain five ways in which communication enhances trading activities. (10 marks)

(b) Highlight five factors that facilitate entrepreneurial development in an economy.

(10 marks)

6. (a) The following trial balance was extracted from the ledgers of Gathioro's mobile phones business for the year ended 31<sup>st</sup> Oct 2013.

**Gathioro's mobile phones Trial Balance**

**As at Gathiro's 31<sup>st</sup> Oct 2013**

Details	Dr.(Shs)	Cr.(Shs)
Sales		855,000
Purchase	420000	
Sales returns	12000	
Purchase returns		20000
Creditors		165000
Debtors	63000	
Motor vehicle	480000	
Cash in hand	65000	
Furniture	190000	
Carriage inwards	14000	
Stock	280000	
Capital		626250

Drawing	88000	
Telephone	6400	
Insurance	8200	
Postage	3850	
Rent	19600	
Discounts received		4000
Advertising	12900	
Discount allowed	7300	
	<b>1670250</b>	<b>1670250</b>

On 31<sup>st</sup> Oct. 2013, the business had closing stock valued at Shs. 60,000

Required

- (i) The trading, profit and loss a/c for the year ended 31<sup>st</sup> Oct 2013.  
(8 marks)
  - (ii) A balance sheet as at that date.  
(4 marks)
- (b) Explain **five** services rendered by the Central Bank to the government. (10 marks)



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# BUSINESS MOCKS

## SERIES 1 TRIAL 5 PAPER 1

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

**Answer all questions**

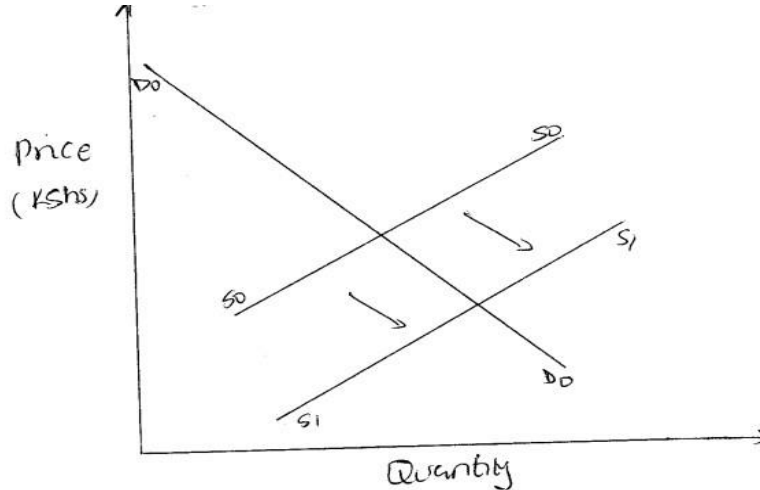
1. Define the following as used in business studies (4 mks)  
i) Economics  
(i) Entrepreneurship  
(ii) Opportunity cost  
(iii) Scale of preference
2. Highlight **four** reasons why food is an important basic need. (4 mks)
3. Outline **four** importance of a warehouse to a consumer. (4 mks)
4. Outline **four** requirements for one to start a limited liability company as one of the forms of business units. (4 mks)
5. Highlight **four** factors a firm must take into account when deciding on the product(s) to produce.
6. Highlight **four** ways in which entrepreneurs can observe ethics in the management of their business. (4 mks)
7. The following information was extracted from the books of Dawida business enterprise for the year ended 30<sup>th</sup> June 2000.  
Capital as at 30<sup>th</sup> June, 2000 640,000

Capital as at 1 <sup>st</sup> July 1999	420,000
Drawing for the year	180,000
Net profit for the year	140,000

Determine the additional capital during the year.

8. Highlight **four** ways through which one can convey verbal communication. (4 mks)

9. Below is a demand and supply curve.



Highlight the factors that may have led to the above behavior.

10. Outline **four** circumstances under which a trader can issue a credit note to a customer. (4 mks)

11. Give the difference between: (4 mks)

(a) Double and co-insurance

(b) Premiums and surrender value

12. Highlight **four** advantages of indirect tax. (4 mks)

13. Highlight **four** ways in which a legal-political environment can impact negatively on entrepreneurs. (4 mks)

14. Highlight **four** duties of commercial attaches in trade promotion. (4 mks)

15. Identify the book of original entry in which the following transactions can be recorded. (4 mks)

Transaction	Book of Original Entry
Paid salaries by cheque	
returned goods to a supplier	
Sold goods on credit	
Bought delivery van on credit	

16. Outline **three** leakages in a circular flow of income. (3 mks)

17. Outline **four** advantages of using celebrities in product promotion. (4 mks)

18. Distinguish between the following terms of sale as used in international trade. **(4 mks)**  
 (a) Free on rail (FOR)  
 (b) Free on board (FOB)  
 (c) In Bond  
 (d) On nearest offer (ONO)
19. Kenya is planning to extend her pipeline transport. State four advantages of pipeline transport to the country. **(4 mks)**
20. Outline four emerging issues in office management. **(4 mks)**
21. Kiburu carried out the following transactions during the month of February 2015.  
 February 1: Started business by depositing sh 220,000 in business bank account  
 7: Bought goods on credit from Miyogo Sh 72,000  
 8: Paid rent by cheque Sh 20,000  
 16: Sold goods to Kamula on credit Sh 50,000.

Required: Post the above transaction in the relevant ledge accounts.

22. Highlight four features of perfect competition market. **(4 mks)**
23. Mention whether the following transactions have an increase, decrease or no effect on the assts, capital and liabilities of a business. **(4 mks)**

	Transaction	Assets	Capital	Liabilities
(a)	Bought premises on credit			
(b)	Took stock of goods and donated to a local dispensary			
(c)	Withdrew money from bank for office use			
(d)	Sold furniture receiving cash			

24. The following information relates to Liston traders for the period ended 31<sup>st</sup> March 2012.

Opening stock    Sh 40,000  
 Sales                Sh 100,000  
 Closing stock    25% on cost of sales  
 Mark-up            25%

By clearly calculating gross profit and purchases, prepare a trading account

- (i) Gross profit **(1 mk)**  
 (ii) Purchases for the year **(2 mks)**

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# BUSINESS MOCKS

## SERIES 1 TRIAL 5 PAPER 2

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

*Answer all questions*

1. (a) Explain **five** factors that will influence the choice of office layout to be adopted by a firm. (10 marks)
- (b) Explain **five** advantages of a country belonging to a trading bloc. (10 marks)
2. (a) Explain **five** differences between a public corporation and a private limited company. (10 marks)
- (b) Highlight **five** circumstances under which an insurance contract may be terminated. (10 marks)
3. (a) Discuss **five** contributions of an efficient transport to the economic development of a Country. (10 marks)
- (b) Explain **five** benefits of retailers to wholesalers (10 marks)
4. (a) Describe **five** factors that may influence the firm's decision on what products to produce. (10 marks)
- (b) Explain **five** challenges that may be experienced by a new entrepreneur who has just establish a business in Kenya
5. (a) Explain **five** services offered by commercial banks to business people. (10 marks)
- (b) The following transactions relates to David Traders for the month of December 2018.

Dec 1<sup>st</sup> started a business with sh. 200,000 in the Bank account.

2<sup>nd</sup> Bought furniture for sh, 50,000 and paid by cheque

3<sup>rd</sup> Sold goods on credit to Caleb shs, 20,000; Salau 10,000

4<sup>th</sup> Bought goods on credit from Rose sh 30,000; Kinga shs. 40,000

5<sup>th</sup> Returned faulty goods to Rose sh 5,000

6<sup>th</sup> Paid Rose on account by cheque less 10% cash discount.

7<sup>th</sup> Received faulty goods from Caleb shs. 2000

8<sup>th</sup> Received payment due from Caleb and Salau by cheque less 5% cash

discount.

9<sup>th</sup> Cash sales shs. 100,000

10<sup>th</sup> Paid for wages shs. 20,000 by cash and electricity shs.10,000 by cheque.

11<sup>th</sup> Deposited all the cash in hand into the bank account.

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

**6. (a)** Discuss **five** factors to be considered when making a development plan in a less developed countries. **(10 marks)**

**(b)** The following information was extracted from the books of James wholesalers for the trading period ended June 2018.

Sh	
Stock on 30.06.2017	40,000
Purchases	35,000
Sales	70,000
Return inwards	1,500
Return outwards	2,000
Discount allowed	2,100
Insurance	2,000
Transport	1,400
Discount received	8,000
Electricity	2,400
Rent received	3,000
Wages and salaries	5,000
Advertising	2,000
Stock 30. 06.2018	15,000

**a)** Prepare a trading profit and loss account for the year ended 30<sup>th</sup> June 2018. **(10 marks)**

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# BUSINESS MOCKS

## SERIES 1 TRIAL PAPER 1

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

*Answer all questions*

1. Name the internal environment whose effects are described by the following statements: (3mks)

	EFFECT	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.	

2. State **four** reasons why choice should be made in satisfying human wants. (4mks)
3. State any **four** characteristics of secondary wants. (4mks)
4. A surgeon set up a clinic in a distance rural centre. The business opened two other branches after six months. Identify **four** possible causes for the success. (4mks)
5. Mwita has introduced computers in his business operations. Outline **four** benefits that he may experience. (4mks)
6. State **four** functions of a statement of account for Kaptich Secondary School Bursar. (4mks)
7. In the spaces provided below, state the business document, to which each of the following statements relates.

	STATEMENT	DOCUMENT
(a)	Gives a description of the goods and the prices at which the seller can supply the goods to the buyer.	
(b)	Accompanies the goods and it contains the list of goods delivered.	
(c)	To inform the buyer that goods have been dispatched.	
(d)	To correct an under-charge.	

8. In the spaces provided below, write the type of partner described by each of the following statements: (4mks)

**STATEMENT**

**PARTNER**

- (i) One who is below 18 years of age:
- (ii) One who has unlimited liability:
- (iii) One who gets involved in the daily running of the business
- (iv) One who allows his / her name to be used in the business

9. 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. (4mks)

10. Local leaders would like to see more business enterprises established within Nandi. Outline **four** measures the government can take to encourage investments in this region. (4mks)

11. Bucket Ltd is an international pharmaceutical company. Under what circumstances can the firm send its products to customers by air transport? (4mks)

12. The following are special delivery services provided by the Post Office: (4mks)

**Post Rest Ante, Speed Post, Business Reply Service, Express Delivery.** Match each description with item.

- (i) The arrangements to deliver the mail starts at the sender's post office
- (ii) The arrangement to deliver the mail starts at the addressee's post office
- (iii) Service offered to travelers who wish to receive correspondence while away from home
- (iv) Service that relieves customer of postage expenses

13. State **four** reasons why it is necessary to locate a bonded warehouse at the point of entry of a country. (4mks)

**14.** Kazi Moto insured a motor vehicle against fire with Moto Motocompany by paying Kshs. 300,000. Later the car was destroyed at a garage and a compensation of Kshs. 400,000 were paid. Using insurance terms, state what each of the following stand for: (4mks)

- (i) Kazi Moto-
- (ii) Fire:-
- (iii) Kshs. 300,000
- (iv) Moto Moto company:-

**15.** Below are terms used in sales promotions.

- Competitive advertising.
- Product advertising.
- Informative advertising.
- Institutional advertising.
- Primary demand advertising.

Identify the most appropriate term described in each of the following case.

- (i) Aims at increasing the sales volume of the company's entire range of products
- (ii) Provides relevant information about producers products
- (iii) Seeks to popularize the business enterprise offering goods for sale.
- (iv) Seeks to promote the sale of a new variety of a company's product..

**16.** Outline the procedures of taking an insurance policy on property. (4mks)

**17.** Kenya Cooperative Creamers (KCC) sell its dairy products directly to retailers.

Highlight **four** factors that were considered in the choice of this channel of distribution. (4mks)

**18.** Identify **four** factors that may be contributing to income disparity between the rich and poor citizens in Kenya. (4mks)

**19.** The following information relates to Ogello Traders as at 31<sup>st</sup> December 2009.

Capital (1-1-2009)	Kshs. 100,000
Loss during the year	Kshs. 40,000
Investment	Kshs. 35,000

If the trader took goods worth Kshs. 15,000 during the year for private use, calculate the capital of the business as at 31.12.2009. (4mks)

**20.** Prepare Betty's trial balance from the following information. (4mks)

Items	Kshs.
Purchase	130,000
Capital	150,000
Sales	165,000



Debtors	45,000
Creditors	40,000
Motor vehicles	120,000
Stock	50,000
Cash at Bank	10,000

21. Ondiko Traders had Kshs. 100,000 cash in hand, Kshs. 243,000 cash at bank during the month of March 2008. The following transactions took place in that month.

March 3 – Paid insurance Kshs. 5,000 cash.

March 11 – Cash sales Kshs. 14,000

March 14 – Purchased equipment worth Kshs. 37,000 paying by cheque.

March 20 – Deposited Kshs. 30,000 into

Bank from cash till. March 31 – Took Kshs.

10,000 cash for personal use.

**Prepare Ondiko Trader's Two-column Cash Book for March 2008.**

22. State the journal that deals with each of the following types of transactions. (4mks)

	Type of transaction	Journal
(i)	Credit sales	
(ii)	Return of goods by customers.	
(iii)	Return of goods to suppliers.	
(iv)	Cash cheques received.	
(v)	Credit purchases	
(vi)	Sale of fixed assets	
(vii)	Purchase of motor van on credit from General Motors	
(viii)	Correction of errors.	

23. Differentiate between progressive and regressive taxation giving an example of each. (4mks)

24. Otwoma intends to start a business. Give **four** reasons why it is advisable for him to start a retail business shop instead of buying shares in public limited company. (4mks)

25. Write in full the following abbreviations: (4mks)

(i) LPO:

(ii) IPO:

(iii) C.W.O

(iv) I.O.U

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# BUSINESS MOCKS

## SERIES 1 TRIAL 6 PAPER 2

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

**Answer all questions**

1. (a) Explain any **five** benefits that a business which adopts an enclosed office layout enjoys. **(10mks)**
- (b) Discuss **five** emerging trends in Banking. **(10mks)**
2. (a) Explain **five** advantages of warehousing to the consumers. **(10mks)**
- (b) The following information relates to Bahari retailers for the month of January 2013.

### **Invoices received**

Jan 6	Mandela Ltd	shs. 70,000
	12 Othiambo Traders	shs. 150,000
18	Jua Kali Enterprises	shs. 50,000

### **Invoices**

Jan 5	Jambini Traders	shs. 10,000
	10 Fedha Ltd	shs. 100,000
	15 Kalu Works Ltd	shs. 120,000

### **Credit Note issued**

Jan 5	Jambini Traders	shs. 12,000
	13 Fadhili Ltd	shs. 6,000

### **Credit Note received**

Jan 7	Mandela Ltd	shs. 5,000
	14 Othiambo Traders	shs. 1,000

### **Additional Information:**

Jan 8 Sold machinery on credit to Kwetu retailers shs. 50,000

9 Bought electronic equipment on credit from lowland retailers shs. 8,000

10 Brought shs. 5,000 cash into the business from own sources.

**Required:** Record the above transactions in the appropriate diary books. **(10mks)**

3. (a) Describe any **five** types of unemployment experienced in Kenya. **(10mks)**  
(b) Under what circumstances would a producer use wholesaler in distributing farm produce. **(10mks)**
4. (a) Discuss **five** factors that influence the level of National Income of a country. **(10mks)**  
(b) Outline any **five** differences between Partnerships and Cooperative societies. **(10mks)**
5. (a) Explain **five** factors that an insurance company will consider before determining the premium to charge an applicant for an assurance policy. **(10mks)**  
(b) The following information relates to the books of Mwalimu Traders as a 31<sup>st</sup> December 2014.

Sale	670,000
Purchases	380,000
Opening stock	60,000
Closing stock	40,000
Return inwards	70,000
Carriage on purchases	10,000
Commission received	15,000
Rent paid	18,000
Salaries and wages	33,000
Postage	2,000
Discount received	7,000
Travelling	12,000

Repair and maintenance 4,000 **Required:**

Prepare Mwalimu Traders Trading Profit & Loss Account for the year ended 31<sup>st</sup> December 2014. **(10mks)**

6. (a) With the aid of a diagram, explain the effects of increase in consumer's level of income on the equilibrium point. **(10mks)**

(b) Explain **five** ways in which the government may promote local trade. **(10mks)**

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# BUSINESS MOCKS

## SERIES 1 TRIAL 7 PAPER 1

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

*Answer all questions*

1. The table below describes some terminologies used in business Studies. Identify the term given to each statement **(4mks)**

	Statement	Term
a)	Activities carried out with a view to making profit	
b)	Increasing the usefulness of a good or service	
c)	Movement of goods from producers to consumers	
d)	A person who uses a good or service	

2. State **four** factors that an entrepreneur would consider before investing in a business opportunity **(4mks)**
3. Outline **four** measures that may be taken by an office to safeguard the property of the organization **(4mks)**
4. Highlight **four** features of a departmental store **(4 mks)**
5. Among the documents required by the Registrar of companies is the Articles of Association. Highlight **four contents** of the Articles of Association **(4 mks)**
6. State four reasons why consumers need protection from unscrupulous traders **(4 mks)**

7. One of the flagship projects by the Kenyan Government is LAPSSSET and Standard Gauge Railway (SGR). Outline four benefits of the new Railway line to the Kenyan economy (4mks)
8. Highlight **four** limitations of a siren as a means of communication (4 mks)
9. State **four** merits of a bonded warehouse to the Government (4 mks)
10. Give any Four contents of a cover note (4 mks)
11. The descriptions stated below refer to various methods advertisement. For each description give the method that best matches it. (4 mks)

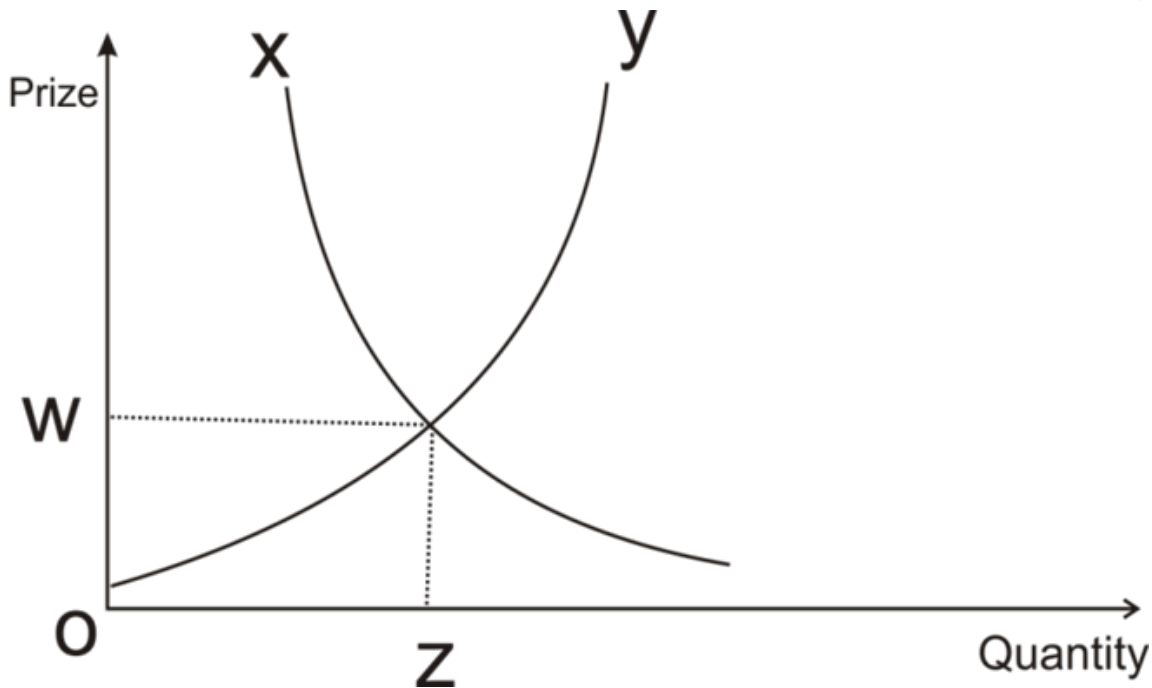
a) Any mention of a person/firm or product in the mass media

b) Presentation of a commodity to prospective buyers, face to face by a sales person with an aim of making sales

c) Process of information with a view of creating, promoting or maintaining good will and favourable image of the organization to the Public

d) Any paid form of impersonal presentation of a product made through mass communication Media

12. Identify what is represented by the letters W, X, Y and Z in the diagram below (4 mks)



13. The table below shows the growth rate of Gross Domestic product (GDP) of a certain Country for two years (4mks)

14. Year	15. G.D.P
16. 2003	17. 6.5%
18. 2005	19. 2.0%

Highlight four circumstances under which the standards of living of the citizens of the country referred to above may not necessarily have been lower in 2005 than 2003. **(4mks)**

**14.** Outline four features of a Monopoly market structure **(4mks)**

**15.** Highlight four reasons why many governments discourage localization of firms **(4 mks)**

**16.** Giving an example in each case, define the following terms:

a. Long term liability **(2marks)**

b. Current Assets **(2marks)**

**17.** A resource is something that is used by a business to achieve an objective. Identify four resources available in a business. **(4 mks)**

**18.** The following balances were extracted from the books of Mwenge Traders on 30<sup>th</sup>

June 2010.

Shs.

Debtors	120 000
Creditors	240 000
Ten-year loan Loan	400 000
Closing Stock	25 000
Cash in hand	50 000
Drawings	30 000

Furniture

*Required:* Prepare a Balance Sheet as at 30<sup>th</sup> June 2010

**19.** Highlight four merits of current account to the account holder **(4 mks)**

20. Outline four reasons why the government may impose trade restrictions on her trading activities **(4 mks)**

21. The following transactions were carried out by Ushirika Stores during the month of July 2012.

July 1 : Started a business with sh. 10 000 in cash

July 2 : Opened a bank account for the business by depositing Sh. 20 000 from Personal savings

July 10 : Bought goods worth Sh.10 000 and paid by cheque

July 20 : sold goods worth Sh. 20 000 which were paid in cash

Required: Record the above transactions in the relevant ledger accounts

22. Outline four causes of cost –push inflation in any country **( 4mk)**

23. Highlight four reasons why the Kenyan government imposes tax **(4 mks)**

24. The following information was extracted from the books of Ngikwa Stores for the following years

	2014	2013
	Shs.	Shs.
Stock	120 000	224 000
Bank	20 000	60 000
Debtors	268 000	120 000
Creditors	272 000	2000

a) Determine the current Ratio for 2014 and 2013 **(3mks)**

b) Comment on the significance of the change in current Ratio **(1mk)**

25. Identify four goals development **(4 mks)**



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# BUSINESS MOCKS

## SERIES 1 TRIAL 7 PAPER 2

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

**Answer all questions**

1. (a) Kenya has been relying on Coffee as a key driver of her economy. Explain **FIVE** benefits that may accrue to her due to this specialisation **(10 mks)**  
(b) Explain **FIVE** ways in which a Country's labour force can be improved to promote economic growth **(10 mks)**
2. (a) Explain **FIVE** factors that determine the amount of money held for precautionary purposes  
(b) Kitinga Enterprises runs a general Merchandise business. The transactions during the month of June 2014 were as follows: 2014  
June 1 - Bought on credit from Orina Ltd. goods worth shs. 100 000, received a 20% trade discount.  
June 4 - Sold goods on credit to Rono Ltd. shs. 30 000 and allowed them a 10% trade discount.  
June 8 - Sent Rono Ltd. a credit note for goods returned, which had a value of shs. 30 000.  
June 10 - Sold goods on credit to Akinyi shs. 60 000  
June 12 - Purchased goods from Wamalwa ltd for shs. 100 000 and he allowed a 30% trade discount.

- June 15 - Purchased goods on credit from Nyamburashs. 45 000
- June 16 - Sent Akinyi a credit note for goods returned worth shs. 10 000
- June 18 - Wamalwa Ltd. sent us a credit note for sh.30 000 for goods returned.
- June 19 - Received a credit note for goods returned to Orina worth sh.25 000
- June 25 - Sold goods to Wairimu on credit sh. 25 000
- June 27 - Sent Wairimu a credit note for sh.5 000 to rectify an overcharge on their invoice.
- June 28 - Sold goods on credit to Rono for sh. 56 000
- June 29 - Purchased a Motor Van on credit from Awori Ltd. worth shs. 80 000
- June 30 - Sold on credit Old machinery to Nairobi Trading Company for sh.35 000  
(prior to this owned machines worth shs. 100 000) **(10 mks)**

*Required:* Make the necessary entries in the relevant books of original entry

(NB. Posting to the ledger Accounts is not necessary) **(10 mks)**

**3. (a) Outline FIVE causes of Balance of payments equilibrium **(5 mks)****

**(b) Describe FIVE channels of distribution that may be followed by imported manufactured goods**

**4. (a) Explain FIVE types of unemployment **(5 mks)****

**(b) The following trial balance was extracted from the books of Mwelu Traders on 30th April 2015 (10 mks)**

<b>Account name</b>	<b>Dr</b>	<b>Cr</b>
Sales	186 000	
Purchases	115 560	
Stock on 1/5/2014	37 760	
Carriage outwards	3 260	
Carriage inwards	2 340	
Returns inwards	4 400	

Return outwards	3 550
Salaries	24 470
Electricity	6 640
Rent	5 760
Sundry Expenses	12 020
Equipment	24 000
Furniture	6 000
Debtors	45 770
Creditors	30 450
Bank	38 760
Cash	1200
Drawings	20 500
Capital	<b>128 440</b>
<b><u>348 440</u></b>	

Stock as at 30<sup>th</sup> April 2015 was Shs. 49 980

*Required:* Prepare Trading profit and Loss Account for the period ending 30<sup>th</sup> April 2015. **(10 mks)**

**5. (a)** Highlight **FIVE** differences between Insurance and gambling **(5 mks)**

**(b)** Explain **FIVE** principles of a good tax system **(5 mks)**

**6. (a)** Explain **FIVE** factors that influence the level of National income of a Country

**(b)** Explain **FIVE** Money transfer facilities provided by Commercial Banks

NAME.....ADM NO.....

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# BUSINESS MOCKS

## SERIES 1 TRIAL 8 PAPER 1

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

*Answer all questions*

1. Name four features that differentiate a bill of exchange from a cheque **(4marks)**
2. State the books of original entry in which each of the following transactions would be recorded **(4marks)**

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

3. Outline four factors that may account for predominant direct production in a country **(4marks)**
4. Highlight four reasons why a business firm would prefer to operate a current account from a commercial Bank. **(4marks)**
5. Outline four factors to consider when introducing a new product in the market **(4marks)**
6. State four benefits that a company would get by raising capital through sales of ordinary shares **(4marks)**
7. State four factors that determine the period for which documents should be stored **(4marks)**
8. The following balances of assets and liabilities were provided by mawazo Traders as at 31<sup>st</sup>/12/2014. **(4marks)**

Item	shs
Bank overdraft	80,000
Land	200,000
Accrued electricity bill	50,000
Stock	10,000
Debtors	20,000

The business had drawings amounting to sh. 20,000 during the year. Prepare a balance sheet to determine the net worth of the year

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

Year	Price (shs)
2010	450
2014	675

(i) Calculate the consumer price index

(ii) Comment on your answer. **(4marks)**

10. Outline any four limitations of social responsibility to a business **(4marks)**

11. A business enterprise had the following transactions on 3<sup>rd</sup> June 2008.

(i) Returned goods worth sh. 15,000 to Kombo traders.

(ii) Awino, a customer returned goods worth 3,500 to the business.

Required: Record the above transactions in the relevant ledger accounts **(4marks)**

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

13. Highlight any four factors that a government should consider when deciding on a good tax system **(4marks)**

14. Highlight four measures that can be taken to control the volume of imports **(4marks)**

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

Turn over shs	270,000
Margin	40%
Rate of turnover	6 times
Expenses	sh 40,000

From the information given above, Calculate:- **(4marks)**

(a) Gross profit

(b) Cost of goods sold

(c) Net profit

(d) Average stock

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

17. Outline four circumstances under which one may use signs in communication.

(4 marks)

18. Yvonne has just completed her studies at University and would like to start a business. Highlight four factors that would influence her to locate her business near the market.

(4mks)

19. Outline four differences between perfect competition and monopoly

(4mks)

20. Identify the types of utility created in the following circumstances.

(4 mks)

	Circumstance	Type of Utility
a)	Processing and packing Tea leaves in a factory	
b)	Transporting Tea from Kiambu to Nairobi	
c)	Selling Tea leaves in a shop	
d)	Where the retailers stores tea leaves packets in his warehouse	

21. State the effect of the following transaction on the balance sheet totals indicating either “increase, decrease or No effect”

(4marks)

	Transaction	Effect on Balance sheet total
a)	Dec 14 Received a cheque for sh 150,000 being amount borrowed from a lending institution.	
b)	December 15 – paid creditors sh 10,000 in cash	
c)	Dec 26- owner took cash sh 10,000 from business for own personal use	
d)	Dec 3 – Deposited cash sh 15,000 in to the business bank account.	

22. Highlight four factors that may influence supply positively.

(4marks)

23. Highlight four limitations of using consumer initiated methods in consumer protection

(4marks)

24. Outline any four features of an economic union level of economic integration

(4marks)

25. State for disadvantages of Automatic Teller Machines (ATM)

(4marks)

NAME.....ADM NO.....

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DATE.....

# BUSINESS MOCKS

## SERIES 1 TRIAL 8 PAPER 2

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

**Answer all questions**

1. a) Explain five reasons that may account for the continued use of hand carts as a mode of transport **(10marks)**
- b) Shah and Patel are importers of vehicles in Kenya from Japan. Explain five terms of sale that may be quoted by the seller of the vehicles. **(10 marks)**
2. a) By the use of diagram, explain the effects of excess supply over demand on quantity demanded and supplied **(10marks)**
- b) The following balances relate to Brian traders as at 31<sup>st</sup> December 2013

Shs.

Salaries	70,000
Stock (1/1/2013)	30,000
Creditors	35,000
Capital	700,000
Purchases	150,000
Insurance	10,000
Electricity	40,000
Debtors	60,000
Sales	350,000

Stock (31/12/2013)	20,000
2 year bank loan	200,000
Returns inwards	15,000

*Required:*

(i) Prepare a trading, profit and loss account for the year ending 31<sup>st</sup> December 2013  
(5 Marks)

(ii) Calculate the following ratios

(a) Margin (1 mark)

(b) Rate of stock turn over (2 marks)

(c) Rate of return on capital (2 marks)

3. a) The per capita income in country A is considerably higher than that in country B. Discuss 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 the nature of goods may influence the choice of appropriate means of transport (10 marks)

4. a) Highlight five ways in which the Central Bank acts as a banker to the government (10 marks)

b) Explain five characteristics of under development (10 marks)

5. a) Highlight five reasons why Kenyan government encourages the development of small business enterprises (10Marks)

b) Explain five circumstances under which personal selling is appropriate (10 marks)

6. a) Explain four services rendered by retailers to consumers (8 marks)

b) On 1<sup>st</sup> July 2014 moshi traders had cash in hand Ksh.560,000 and a bank overdraft of Ksh. 175,000. The following transactions took place during the month:

July 9: Paid the following creditors by cheque after deducting 10% cash discount: Betty Ksh. 140,000

Mary Ksh. 98,000

July 12: Settled kithekas account Ksh.70, 000 by cheque after deducting 10% cash discount

July 16: Received cheques from the following debtors after deducting 10% discount in each case:

Ali Ksh. 350,000

Hassan Ksh.105,000

July 23: Received the following cheques from debtors after having deducted cash discount of 2% In each case:

Joseph Ksh. 411,600



Daniel Ksh. 123,480

July 29: Received the following amounts in cash from debtors having deducted cash discount of 2%

Josephine Ksh.82, 320

Fatuma Ksh.246, 960

*Required:*

(i) Record the above transactions in a three column cash book and balance it off at the end of the month **(10 marks)**

NAME.....ADM NO.....

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# BUSINESS MOCKS

## SERIES 1 TRIAL 9 PAPER 1

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

*Answer all questions*

1. State four benefits of public corporations in Kenya. **(4 marks)**
2. State four advantages of entrepreneurship in an economy. **(4 marks)**
3. Highlight four factors that can make a company to re-insure. **(4 marks)**
4. State four economic factors that determine a consumer's buying ability. **(4 marks)**
5. State four ways in which a good filing system may facilitate the operations on office. **(4 marks)**
6. Highlight four benefits of a free warehouse. **(4 marks)**
7. State four circumstances where a firm would be located near a source of raw materials. **(4 marks)**
8. Show the accounts to be debited or credited for the following transactions **(4 marks)**

	<b>Transactions</b>	<b>Account to Debit</b>	<b>Account to Credit</b>
A	Paid wages in cash		
B	Took business cash for private use		
C	Purchased office furniture on credit from Ritho Ltd		
D	Paid electricity bill by cheque		

9. Highlight four factors that determine precautionary motive for holding money. **(4 marks)**

10.State four functions of an entrepreneur as a factor of production. (4 marks)

11.The following information was extracted from the books of Juma Traders as at 31<sup>st</sup> December 2009,

		Shs
Opening stock		2,500
Purchases		46,000
Closing stock		1,500
Mark-up		20%
Required:		

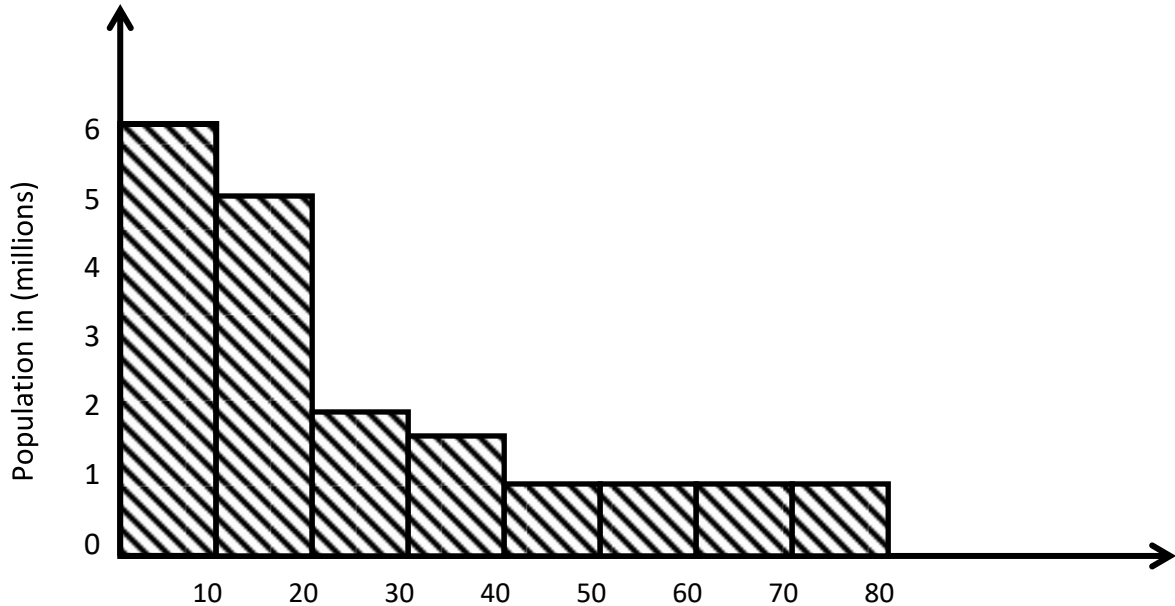
Prepare Juma Trader’s Trading Account

(4 marks)

12.Outline four changes in the economy associated with economic development.

(4 marks)

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



Give four challenges facing this country.

(4 marks)

14.Highlight four ways in which individuals consumers can protect themselves.

(4 marks)

15.State the source documents for each of the following subsidiary day Books

(4 marks)

Subsidiary Books

Source Documents

A Sales Journal

B Purchase Sales Journal

C Returns Inwards Journal

D Returns Outward Journal

16. State four problems that are experienced by consumers when firms become monopolies. (4 marks)

17. State four causes of demand pull inflation. (4 marks)

18. Highlight four reasons why the use of rail transport is not well developed in Kenya. (4 marks)

19. Outline four things a business need to know about their competitors. (4 marks)

20. The following balances of assets and liabilities were provided by Pati Traders as at 31<sup>st</sup> December 2012

Items	Shs
Bank overdraft	80,000
Land	200,000
Accrued electricity	50,000
Stock	10,000
Debtors	20,000

The business had drawings amounting to sh 20,000, during the year.

*Required:*

Prepare balance sheet for Pati Traders. (4 marks)

21. List four factors that may limit the growth of a country's national income. (4 marks)

22. State four current trends in sales promotion. (4 marks)

23. Outline four factors to be considered when choosing a channel of distribution. (4 marks)

24. 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

25. A business enterprise had a cash balance of 50,000 and overdraft of sh 15,000 on 1<sup>st</sup> 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

June 15, Sold goods sh 30,000 cash.

*Required:*

Prepare a two column cash book. (4 marks)

NAME.....ADM NO.....

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DATE.....

# BUSINESS MOCKS

## SERIES 1 TRIAL 9 PAPER 2

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

**Answer all questions**

1. a) Outline five ways in which a computer can improve efficiency of an organization. **(10 marks)**  
b) Intermediaries play a key role in the chain of distribution. Explain any five such roles. **(10 marks)**
2. a) Explain five ways in which the government may create an enabling environment for business. **(10 marks)**  
b) The following trial balance was extracted from the books of Tausi Traders as at 30<sup>th</sup> June 2014

Details	Dr	Cr
Stock on 1 <sup>st</sup> July 2013	180,000	
Debtors and creditors	195,000	120,000
Discounts	75,000	96,000
Sales and purchases	1,200,000	1,740,000
Premises	1,630,000	
Carriage outwards	24,000	
Returns	60,000	150,000
Fixtures and fittings	300,000	
Carriage in wards	100,000	
Machinery	600,000	
Commissions	48,000	42,000
Capital		2,454,000

Wages and salaries	90,000	
Cash in bank	420,000	
Rent income		<u>110,000</u>
	<b>4,712,000</b>	<b>4,712,000</b>

Closing stock 210,000

Required: Prepare a trading, profit and loss account for the year ended 30<sup>th</sup> June 2014.

**(8 marks)**

Prepare tausi's balance sheet as at 31<sup>st</sup> June 2014

**(4 marks)**

3. a) Explain five remote external factors that influence business operations.

**(10 marks)**

b) Explain five reasons why government may impose trade restrictions. **(10 marks)**

4. a) Record the following information relating to the traders in the relevant books of original entry for the month of June 2013 and post them to the relevant ledger

Accounts.

**(10 marks)**

June 2: Credit sales to Wako retailers worth sh 8,000 issued invoice No. 0111.

June 5: Credit purchases from Jamu suppliers worth sh 30,000 received invoice No. 20

June 8: Credit sales to Mwenda worth sh 12,000 issued invoice No.12

June 16: Credit purchases from Sam Traders and Mwiti traders worth sh 5,300 and sh 6,200 and issued with an invoice No.13 and 14 respectively.

June 18: Credit sales Wako retailers and Mwiti traders worth sh 5,300 and 6,200 and issued with an invoice No. 13 and 14 respectively.

June 24 : Credit purchases from Sam and Wangu traders sh 1000 and 2,800, invoice No.451 and 722 respectively.

b) In the last few months, the supply of mangoes in Chuka Town was on increase.

Explain any five factors that may have attributed to this.

**(10 marks)**

5. a) Most of the African countries are suffering from rapid unemployment rates.

Explain five causes of this situation.

b) Public finance refers to activities carried out by the government in raising and spending of finances. Explain five purposes of public finance.

6. a) Outline five advantages of pipeline transport over the road transport. **(10 marks)**

b) The following transaction took place in the business of Johana Makembo in the month of May 2013.

2013

May 1: started business with sh 100,000 in bank  
and sh 20,000 in cash  
May 3: Purchased goods values at sh 24,000 from Kanyua on credit  
May 6: Paid rent sh 1200 by cheques.

May 10: Purchased a delivery van valued at sh 720,000 from Mwema Motors and paid by cheques.

May 12: Sold goods in cash sh 45,000.

May 15: Paid Kanyuash 10,000 by cheques.

*Required:* Use the above information to:

(i) Prepare the relevant ledger accounts and balance them off as at 15<sup>th</sup> May 2013 (7 marks)

(ii) Extract a trial balance. (3 marks)

NAME.....ADM NO.....

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DATE.....

# BUSINESS MOCKS

## SERIES 1 TRIAL 10 PAPER 1

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

*Answer all questions*

1. State whether each of the following factors fall under micro-environment or macro-environment (4 mks)

**Factor**

**Environment**

- i) Legal political environment
- ii) Business structure
- iii) Economic environment
- iv) Human resources

2. State **four** ways in which consumers may protect themselves against exploitation. (4 mks)

3. Give **two** differences between goods and services. (4 mks)

4. Outline **four** circumstances under which cash with order (C.W.O) is appropriate (4 mks)

5. Using a well labeled diagram explain the movement along a demand curve. (4 mks)

6. Highlight **four** factors that may limit the exploitation of natural resources. (4 mks)

7. Identify the term of insurance described in each of the following statements.

- i) A risk which when it occurs it may result to a loss or a profit (4 mks)
- ii) A specified amount of money paid at regular intervals by the insured to the insurer.
- iii) The insurance company that undertakes to compensate the insured in event of a loss arising from occurrence of the insured risk.
- iv) A document containing the terms and conditions of the contract between the insurer and the insured.



8. Outline **four** sources of monopoly power. (4 mks)
9. Highlight **four** effects of eliminaiing wholesalers from a distribution channel. (4 mks)
- 10.State **four** advantages of publicity as a method of product promotion. (4 mks)
- 11.Highlight **four** disadvantages of free trade. (4 mks)
- 12.State **four** accounts used to record the movement of stock. (4 mks)
- 13.Outline **four** barriers to effective communication. (4 mks)
- 14.Highlight **four** money transfer facilities offered by commercial banks to its customers. (4 mks)
- 15.State **four** positive effects of inflation (4 mks)
- 16.Outline **four** merits of indirect tax. (4 mks)
- 17.State **four** demerits of underpopulation to a country. (4 mks)
- 18.The following balance sheet was extracted from the books of Tumaini Investment as at 31st December 2014.

**Tumaini Investments**  
**Balance sheet**  
**As at 31<sup>st</sup> December 2014**

<u>Assets</u>	<u>shs</u>	<u>Capial &amp; liabilities</u>	<u>shs</u>
<b><u>Fixedassets</u></b>		capital	1,200,000
Land & buildings	1,000,000		
Motorvehicle	500,000	<b><u>Long term liabilities</u></b>	
Furniture	<u>100,000</u>	Loan from KIE	300,000
	1,600,000	Loan from ICDC	<u>110,000</u> 410,000
<b><u>Current assets</u></b>		<b><u>Short term liabilities</u></b>	
Stock	50,000	Creditors	70,000
Debtors	30,000	Salaries owing	30,000 <u>100,000</u>
Cash at bank	20,000		
Cash at hand	<u>10,000</u>		
	<u><b>1,710,000</b></u>		<u><b>1,710,000</b></u>

Calculate:-

- i) Borrowed capital
- ii) Capital employed
- iii) Working capital

19. From the transactions given below name the account to be debited (Dr.) and the account to be credited (CR) (4 mks)

<b>TRANSACTION</b>	<b>DEBIT (DR)</b>
<b>CREDITED (CR)</b>	

- i) Deposited shs. 2000 into the bank from

the cash box

**ii)** Sold goods on credit

worth shs 5,000

**iii)** Purchased goods in cash

worth shs 4,000

**iv)** Withdrew goods worth

shs 2,500 for own

consumption.

**20.** The following balances were extracted from the books of Rioba Agencies for the period ended 30th June 2013.

**shs**

Stock (1/7/12)		14,700
Sales	86,400	
Purchases		65,000
Returns outwards	4,700	
Carriage inwards		2,200
Commission received		8,100
Salaries	2,500	
Stock on 30th June 2013	20,000	

**Required:**

Prepare the trading account for Rioba Agencies for the year ended 30th June 2013.

**21.** Outline **four** current trends in the road transport in Kenya today. **(4 mks)**

**22.** State **four** structural changes that may take place when a country is experiencing economic development. **(4 mks)**

**23.** Highlight **four** features of a bounded warehouse. **(4 mks)**

**24.** State **four** negative implications of production activities on the community. **(4 mks)**

**25.** The following cash transactions took place in the business of Ochieng during the first week of June 2013.

**2013 June**

2013 June 1. Balance brought down was cash shs 20,000, bank shs 45,000

2013 June 2. Sold goods worth shs 10,000 by cash

2013 June 3. Sold a piece of furniture for shs 8,000 and the amount was directly paid to the bank.

2013 June 4. Bought goods worth shs 16,000 paying partly by cheque worth shs 9,000 and the balance was paid in cash.

2013 June 5. Banked all the cash except shs 5,000

***Required***

Prepare a two column cash book.

NAME.....ADM NO.....

SCHOOL.....CLASS.....

DATE.....

# BUSINESS MOCKS

## SERIES 1 TRIAL 10 PAPER 2

*Kenya Certificate of Secondary Exams*

**TIME:2HRS 30 MINS**

**Answer all questions**

1.a) Explain five measures the government may take to curb push inflation **(10 mks)**

b) Explain five principles under which co-operation societies should be managed **(10 mks)**

2a) Explain five advantages of a declining population **(10 mks)**

b) The following information was obtained from the books of Nyota

### **Njema Traders Invoices Received**

Jan 2,2015 Shari Traders for sh.  
80,000 invoice No. 41 Jan 18,2015  
Chacha traders for sh. 120,000 invoice no. 72.  
Jan 25,2015 Nala traders for sh. 200,000  
invoice no 31

### **Invoices issued**

Jan 5,2015 Song traders for sh. 50,000 invoice no.1  
Jan 6,2015 Mali traders for sh. 6,800 invoice no. 2  
Jan 10,2015 Mamba traders for sh. 22,000 invoice no. 3

### **Credit Notes received**

Jan 10,2015 Shari traders sh. 4,000 Credit Note number 16  
Jan 28,2015 Malo traders for sh. 3,500 Credit Note no. 23

### **Credit notes issued**

Jan 8,2015 Song traders for sh. 3,000 credit note No. 1  
Jan 26,2015 Mali traders for sh. 7,200 credit note no. 2

**Required:** Journalize the information above in the relevant subsidiary books (10 mks)

3. a) Explain **five** disadvantages of long chain of distribution of goods to a buyer. (10 mks)

b) Explain **five** qualities of an office messenger. (10 mks)

4. a) Explain **five** measures taken by the central bank of Kenya (CBK) to control credit. (10 mks)

b) Discuss **five** economic importance of natural resources. (10 mks)

5. a) Explain **five** benefits of economic integration to member states. (10 mks)

b) Despite the advantages of railway transport. It has not been competitive as other means of transport in Kenya. Explain five reasons that have hindered its competitiveness. (10 mks)

6. a) The following transactions relate to Leo traders for the Month of Feb 2015

Feb 1 started a business with sh. 180,000 in bank

6 Bought goods on credit from Mato sh. 80,000 and King sh. 50,000

10 Sold goods for credit to Edna sh. 141,500

12 Paid Mato sh. 25,000 and King sh. 31,000 by cheque

15 Recieved a cheque worth sh. 24,000 from Edna

28 Returned goods to Mato sh. 1,000

28 Withdrew sh. 5,000 from bank for personal use.

**Required:** Enter the transaction above in the relevant ledger accounts and balance them off. (13 mks)

b) Outline **Seven** benefits of pooling of risks. (7 mks)



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